

BIRMINGHAM CITY COUNCIL

AUDIT COMMITTEE

TUESDAY, 20 NOVEMBER 2018 AT 14:00 HOURS
IN COMMITTEE ROOM 6, COUNCIL HOUSE, VICTORIA SQUARE,
BIRMINGHAM, B1 1BB

A G E N D A

1 NOTICE OF RECORDING/WEBCAST

The Chairman to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's Internet site (www.civico.net/birmingham) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

2 APOLOGIES

To receive any apologies.

3 DECLARATIONS OF INTERESTS

Members are reminded that they must declare all relevant pecuniary and non pecuniary interests arising from any business to be discussed at this meeting. If a disclosable pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.

5 - 12

4 MINUTES - AUDIT COMMITTEE 25 SEPTEMBER 2018

That the Minutes of the last meeting be confirmed and signed.

5 PARADISE CIRCUS - GOVERNANCE ARRANGEMENTS

Councillor Ian Ward, Leader of Birmingham City Council and Clive Heaphy, Strategic Director in attendance.

13 - 32

6 HIGHWAYS PFI CONTRACT - PUBLIC

Dominic De Bechi, PFI Contract Manager and Kevin Hicks, Assistant Director, Economy to report.

- 33 - 98**
- 7 **LOCAL INNOVATION FUND**
- Karen Cheney, Integrated Service Head to report.
- 99 - 164**
- 8 **CORPORATE RISK REGISTER UPDATE**
- Report of the Assistant Director - Audit & Risk Management
- 165 - 186**
- 9 **BIRMINGHAM AUDIT - HALF YEAR UPDATE REPORT 2018/19**
- Report of the Assistant Director - Audit & Risk Management
- 187 - 208**
- 10 **AUDIT FINDINGS REPORT RECOMMENDATIONS - PROGRESS REPORT**
- Report of the Corporate Director, Finance & Governance
- 209 - 220**
- 11 **AUDIT PROGRESS REPORT AND SECTOR UPDATE**
- Report of the External Auditor
- 12 **DATE OF NEXT MEETING**
- The next meeting is scheduled to take place on Tuesday, 20 January 2019 at 1400 hours in Committee Room 6.
- 13 **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chairman are matters of urgency.
- 14 **AUTHORITY TO CHAIRMAN AND OFFICERS**
- Chairman to move:-
- 'In an urgent situation between meetings, the Chairman jointly with the relevant Chief Officer has authority to act on behalf of the Committee'.
- 15 **EXCLUSION OF THE PUBLIC**
- That in view of the nature of the business to be transacted which includes exempt information of the category indicated the public be now excluded from the meeting:-
- Exempt Paragraph 3

PRIVATE AGENDA

16 **HIGHWAYS PFI CONTRACT - PRIVATE**

Item Description

17 **OTHER URGENT BUSINESS (EXEMPT INFORMATION)**

To consider any items of business by reason of special circumstances (to be specified) that in the opinion of the Chairman are matters of urgency.

BIRMINGHAM CITY COUNCIL

**AUDIT COMMITTEE
25 SEPTEMBER 2018**

**MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD ON
TUESDAY, 25 SEPTEMBER 2018 AT 1400 HOURS IN COMMITTEE
ROOM 6, COUNCIL HOUSE, BIRMINGHAM**

PRESENT:-

Councillor O'Shea in the Chair;

Councillors Bridle, Jenkins, Tilsley and Webb.

NOTICE OF RECORDING/WEBCAST

- 51 The Chairman advised and the meeting noted that this meeting would be webcast for live or subsequent broadcast via the Council's Internet site (www.birminghamnewsroom.com) and members of the press/public could record and take photographs except where there were confidential or exempt items.

APOLOGIES

- 52 Councillors Afzal, Shah and Trickett submitted their apologies for their inability to attend the meeting.

The business of the meeting and all discussions in relation to individual reports was available for public inspection via the web-stream.

MINUTES

- 53 **RESOLVED:-**

That the Minutes of the last meeting be confirmed and signed.

CHAIRMAN'S WELCOME

- 54 The Chairman welcomed everyone to the meeting and colleagues from Birmingham Independent Improvement Panel.

BIRMINGHAM AUDIT: DATA WAREHOUSE

The following report of the Assistant Director, Audit and Risk Management was submitted:-

(See document No 1)

Craig Price, Principal Group Auditor provided a comprehensive breakdown of the report and responded to a Member's comment by confirming there was no direct link with the Data Warehouse and the NHS, adding that their data was picked up as part of the data matching undertaken by the National Fraud Initiative that is run by the Cabinet Office. He further added that they would continue to push for greater working with them and other bodies in order to try and obtain connectivity and data sharing as part of the ongoing development of the Council's anti-fraud measures.

Lee Cadman, Principal Intelligence Officer, provided an overview of when internal and external requests for data were received and detailed the processes in place to ensure that people only accessed data that was relevant to them. He reported that each search was subject to a detailed audit trail and can be traced to an individual if there were any areas of concern. The continuous checking and verification process evidencing that the system was not misused was explained.

Lee reported that he considered the Data Warehouse system was far more developed than other local authorities and made reference to the work they had been able to undertake with the Public Health Department, adding that they were not always able to assist in predicting service demand, as it was dependent upon data quality.

Lee highlighted the significant amount of work that impacted on the services as a result of data matching. He referred to the 'rolling road' type of working they hoped to have in place, where the system made regular checks and any changes were immediately picked up and explained why this would be a more cost effective way of working. Whilst he was unable to place a financial value on the service as a whole, he highlighted that the focus was to stop errors occurring in the first place and that they were working closely with Revenues as their service had significant transactions, to see what kind of returns could be made. He added that it was not just about recovering debts or finding fraud but also making sure overheads were minimised.

Lee made reference to the information that was held by the system which included Solihull and Dudley neighbouring local authorities and although the city was not collecting and storing over and above what was required for its day to day business, the underlying duty was to ensure that information was kept up to date and accurate.

Lee referred to the audit processes that have been established to verify that the system is not misused. These processes are continuous and also include algorithms to identify activity that is outside of the norm.

Craig confirmed that the system was audited as a matter of routine every 12 months and as there was a continual user verification process, he added that users not using the system would automatically get deleted after 12 months and would have to re-apply and obtain authorisation from their line manager if access was required.

The Chair thanked Craig and Lee for attending the meeting and presenting the report and requested that arrangements be made for the Audit Committee to view the system in operation.

Upon further consideration it was:-

55

RESOLVED:-

The Committee noted the report.

BIRMINGHAM AUDIT ANNUAL FRAUD REPORT 2017/18

The following report of the Assistant Director, Audit & Risk Management was submitted:-

(See document No 2)

Neil Farquharson, Group Auditor – Corporate Fraud Team, provided a comprehensive breakdown of the report.

Neil briefly explained the ‘whistle blowing’ policy within Birmingham City Council which was well established and that any disclosures relating to fraud, would be forwarded to the team for investigation and subsequently detailed the various ways in which referrals could be made to the department.

Neil reported that a similar number of referrals were received each year and with regard to any consistent patterns of fraud, confirmed that type of information would need to be broken down and analysed. He briefly explained the process of investigation and the appropriate recommendations that would be made to the directorate concerned.

Neil responded to a Member’s comment by briefly explaining the difficulties in quantifying values of referrals and it was therefore suggested, that value could be given to those that had a financial implication to them and the appropriate comparisons made.

Sarah Dunlavy, Assistant Director, Audit and Risk Management, responded to Members’ comments by providing an explanation on how fraud was dealt with by BCC subsidiary companies, her role as the internal auditor and the rights of the shareholder. She made reference to the huge variety of companies of very different sizes and highlighted the various ways in which they managed their audit services.

With regard to Acivico, whilst explaining her role as their internal auditor confirmed that, with an independent team, an audit of the relationships and interactions between Acivico and BCC had been undertaken on behalf of the City Council. She stated that where appropriate the report would have been shared with Acivico as there were actions that related to the company.

Neil responded to the Chair's comment relating to 'right to buy' and gave various examples of where investigations were required which included; tenants applying to purchase properties who have been in receipt of housing benefit or ascertaining whether the tenants were living at the address they were wishing to purchase.

The Chair thanked Neil and Sarah for attending the meeting and presenting.

Upon further consideration it was:-

56

RESOLVED:-

The Committee noted the report.

AUDIT FINDINGS REPORT- RESPONSE TO RECOMMENDATIONS

The following report of the Corporate Director – Finance and Governance was submitted:-

(See document No 3)

Martin Stevens, Head of City Finance Accounts, provided a comprehensive breakdown of the report.

At this juncture, the Chair requested the Annual Audit Letter to be circulated to all elected members after the meeting.

Frances Done, Birmingham Independent Improvement Panel, referred to the report and the associated issues, and subsequently highlighted the important role of the Audit Committee in providing independent assurance to the City Council in terms of financial management and risk management. She stated that it was encouraging that after such a long time, the Stocktake report was very open and accepting the governance failures and financial management issue, it focused on what needed to be done and the commitments of the City Council in moving forward and in making sure those actions were carried out.

She highlighted the City Council and the Birmingham Independent Improvement Panel (BIIP) were now working in close collaboration which included regular meetings with senior officers and elected members, and the minutes of these meetings were now being published and cascaded to elected members, as and when they were available.

She referred to the range of complex issues detailed in the report and stated that they were well aware that the committee could not delve into every detail. However, they were hoping and expecting the committee would in its role be able to monitor issues were being progressed and scrutinised appropriately.

She made reference to the fact that the panel hoped that the committee could take more of a lead role in ensuring that the issues which the City Council has found quite difficult in the past are identified and properly discussed, and that residents were kept up to date of any changes that were taking place.

The Chair made reference to the strong qualities of the committee and anticipated that the committee would be as non-political as possible due to the serious issues that they have to consider which ultimately impacted on the citizens of Birmingham. He highlighted that the role of the committee was to provide assurance and referred to the issues they would be considering which included the use of reserves and confirmed that they would be keeping a close eye on how that area of work progressed.

He confirmed that the intention was to keep both the Section 24 recommendation and audit letter items under review for the course of the next few meetings, adding that some would be kept under review for a longer period.

He highlighted the following items for consideration at future meetings:-

Place directorate – ongoing issue – January 2019 and to continue monitoring for the foreseeable future.

Commonwealth Games – identified major risk - January 2019 report on plans and funding.

Exit Package Process for Senior Officers - agreement process – January/March 2019 - report

The Chair suggested that if members required any additional items to be considered by the committee to contact him directly.

In response to comments from Members relating to the role and expectations of the audit committee, Frances Done agreed that whilst there were functions of an audit committee that were potentially backward looking, it also had an important role in monitoring risk management and the key risks faced by the City Council. She added that if the committee saw that as a real core function, then they would see how positive their contribution was going to be in moving forward.

She made reference to the key recommendations within the report, the enormous impact this had and the way it was going to be addressed by all bodies across the city council, highlighting, that the panel were encouraged by what they were now hearing. She added that fundamentally the whole point of this was what happens to the residents, the quality of their services, value for money and the success of their communities and it was reiterated that the committee played an important role in helping to deliver these outcomes.

At this juncture, Jonathan Tew, Assistant Chief Executive, expressed his appreciation to Frances for her comments. He referred to comments made by Members and confirmed that some of these issues had also been reflected by the Leader at city council.

He referred to the city council's working approach to the recommendations, described the collaborative relationship between the city council and the panel and the monthly reporting which in turn was fed back to Government through the panel. He explained the importance for constant dialogue and how they were working in conjunction with members, officers and the external auditor in order to get ahead of formal reports and to pick up any early signals and making sure they were best placed to respond. He referred to the merits of the Star Chamber, the importance for accuracy of information and the various developments that were taking place. He referred to the new political cycle and highlighted the opportunities that this presented to the committee.

He referred to the comments made relating to localisation, the exciting challenge that this presented in breaking away from the district model and the associated work that was taking place with elected members. He subsequently referred to the information regarding the Local Innovation Fund (LIF) and residents' survey feedback and agreed for this information to be reported back to committee in due course.

Claire Ward, Assistant Director for Human Resources, responded to Members' comments by confirming that all of the overpayments besides one had now been resolved, and that an analysis of all the cases and an overview of the system had since been undertaken. She reported that the system was reliant upon managers and employees understanding their responsibilities and following through on a day to day basis. She added that HR undertook a monthly audit and if any errors occurred the appropriate action was taken to resolve them. She confirmed that they were looking at other local authorities that had similar services in order to detect whether there were any improvements that could be made.

In response to the Chair's comments relating to 'under-accrual of waste invoices', Sarah Dunlavey confirmed that part of the error was due to a system issue which had since been resolved. She reported that with the number of staff leaving the organisation there would be a risk that processes had not been followed through and therefore, could not guarantee that this would not happen again on scale but in this particular service, they would ensure that it did not reoccur.

The Chair concluded by thanking Martin, Frances, Jonathan and Sarah for attending the meeting.

Upon further consideration it was:-

57

RESOLVED:-

That the Committee approved the management responses, attached as Appendix 1, to the recommendations set out in the Audit Finding Report issued in July 2018

That the Committee receive reports to future meetings on the progress in implementing the actions proposed in response to the recommendations set out in the Audit Findings Report.

AUDIT PROGRESS REPORT AND SECTOR UPDATE

The report of the external auditor was submitted:-

(See document No 4)

Tess Barker-Phillips, Grant Thornton made introductory comments to the report and sector update.

Following comments from the Chair, Steve Powell, Assistant Director referred to the CIPFA consultation on the financial resilience index and confirmed that this was generally welcomed by the city council and agreed to provide further detail when it was available.

In response to a Member's comment, Tess confirmed that with the regular meetings with officers now taking place it was much more transparent now that they were getting regular up to date information and added that they would continue to monitor, as it was important to keep abreast of what was going on.

The Chair concluded by thanking Tess for attending the meeting and presenting.

Upon further consideration it was:-

58

RESOLVED:-

The Committee noted the report.

DATE OF NEXT MEETING

59

The next meeting was scheduled to take place on Tuesday, 20 November 2018 at 1400 hours in Committee Room 6.

AUTHORITY TO CHAIRMAN AND OFFICERS

60

RESOLVED:-

That in an urgent situation between meetings the Chair, jointly with the relevant Chief Officer, has authority to act on behalf of the Committee.

The meeting ended at 1610 hours.

.....
CHAIRMAN

Highways Maintenance and Management PFI Contract

Background information
November 2018

The contract

- Scope and structure:
 - Our highway asset
 - Why the council chose a PFI contract
 - Contract scope / structure
- Commercial elements:
 - Risk transfer
 - Energy

Our highway asset

613
TRAFFIC
SIGNALS

OVER
76,000
HIGHWAY TREES

OVER **£3m**
ENERGY SAVING
YEARS 1-7

846
HIGHWAY
STRUCTURES,
BRIDGES AND
TUNNELS

BASE UNITARY
CHARGE
~ £79M
PER ANNUM

3
CITY CENTRE
TUNNELS

94,781
STREET LIGHTS

~5,000KM
OF FOOTWAYS

2,577KM
OF ROADS

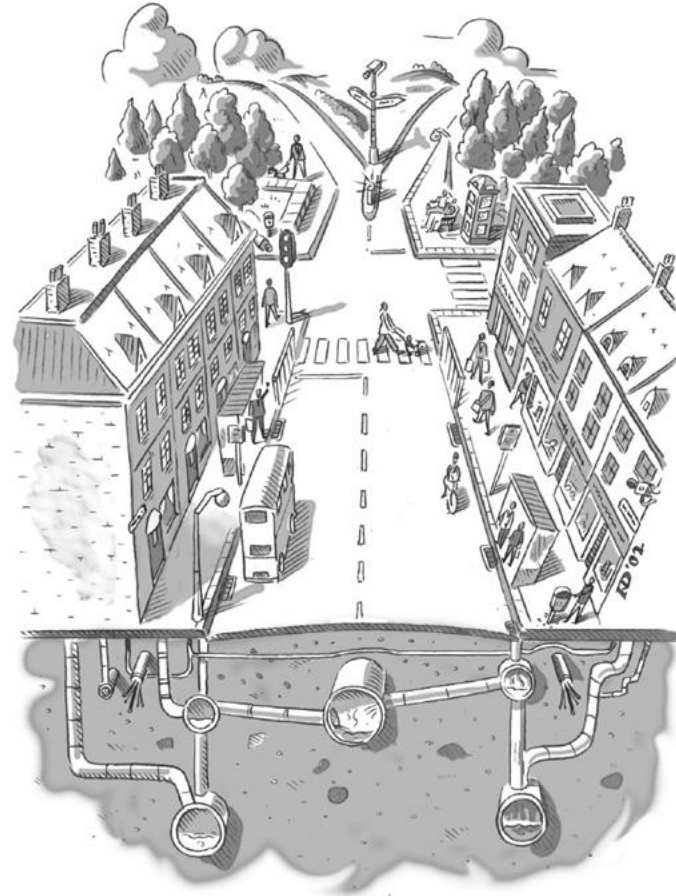
OVER
9,000
STREETS

Why did the council choose a PFI contract?

- Best Value Review in 2000:
 - One star Highways service
 - Unlikely to improve without significant capital investment
 - Cost of reactive maintenance escalating
- Considered other methods:
 - Reduction in other council services
 - Prudential borrowing to raise the money
 - Joint venture
 - Bond issue
- PFI was the only mechanism that provided a grant (£51m per annum for 25 years)

Project scope

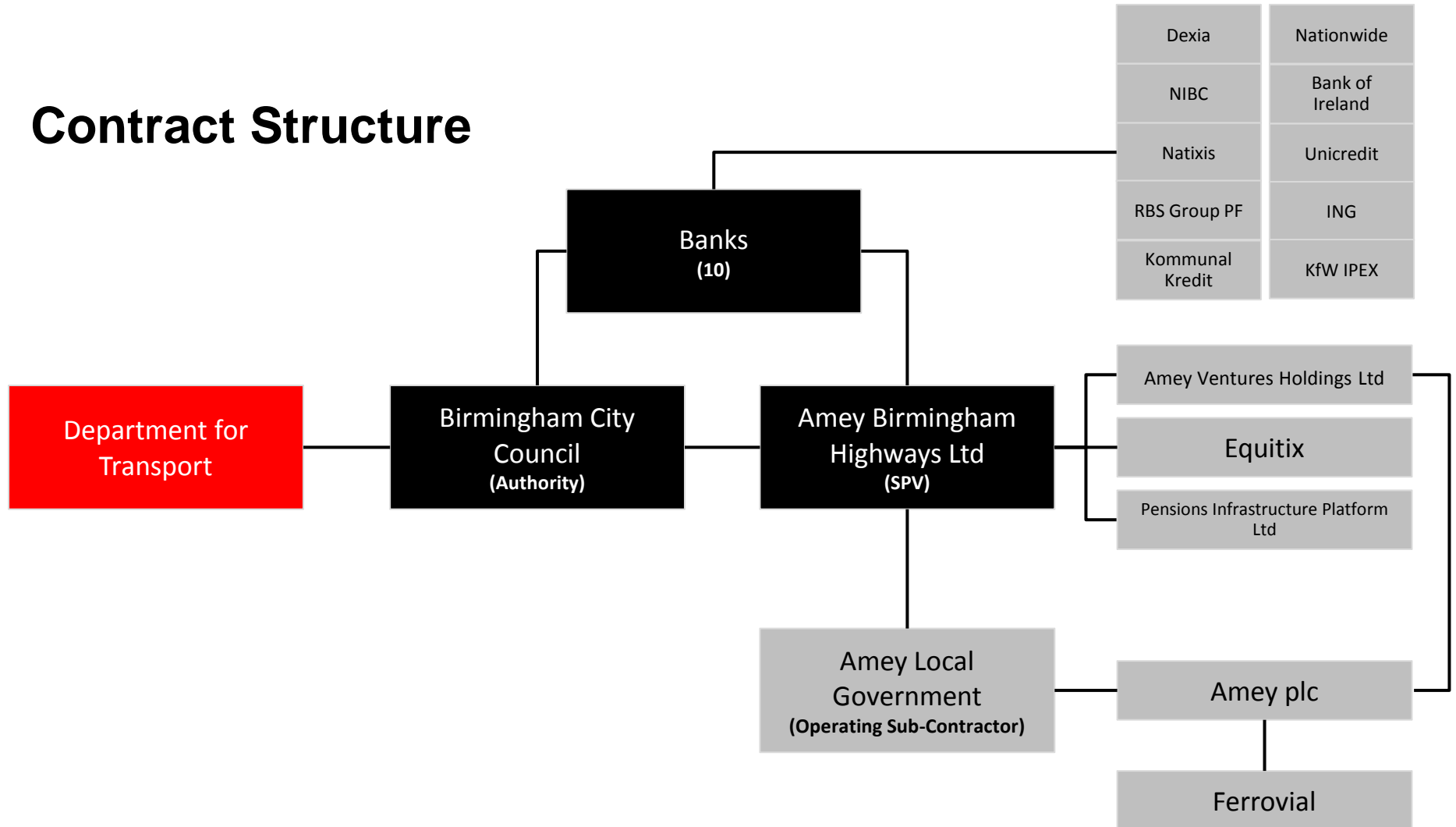
- £328m refurbishment of the highway infrastructure, £2.7bn project
- Assets include:
 - Roads
 - Footways
 - Street lighting
 - Traffic signals
 - Highway trees
 - Highway drainage
 - Road markings
 - Street furniture
 - Structures, bridges and tunnels



Contract background

- 25 year contract, commenced 7 June 2010
- Base cost is £79,435,000 per annum
- 60% per annum of the Unitary Charge was paid at contract start, reflecting a network needing investment
- This increases:
 - Annually, with indexation (RPIX)
 - By 4% as each of ten Core Investment Period Milestones are completed (adding a further 40%)
 - As assets are added to the network (e.g. new private developments)
 - If the Service Provider reduces the council's energy bill below that forecast
- It is decreased by:
 - Failure to perform to the required standards ("Adjustments")
 - Assets removed from the network
 - If the Service Provider fails to meet the forecast energy consumption
 - Replacement of slabbed Footway with bituminous Footway
- Total contract cost £2.7 billion (£2.4 billion plus £0.3 billion client and retained costs)

Contract Structure



Key deliverables

- Refurbishment of highway assets to national standards
- Amey estimated a minimum of £328m of investment over five year Core Investment Period (CIP), including a minimum of:
 - £176m Carriageway and Footway
 - £76m Street Lighting
 - £30m Bridges and Structures
 - £35m Tunnels
 - £8m Traffic Signals and Urban Traffic Control
- 20 year lifecycle period
- 25 year operational period, from day one

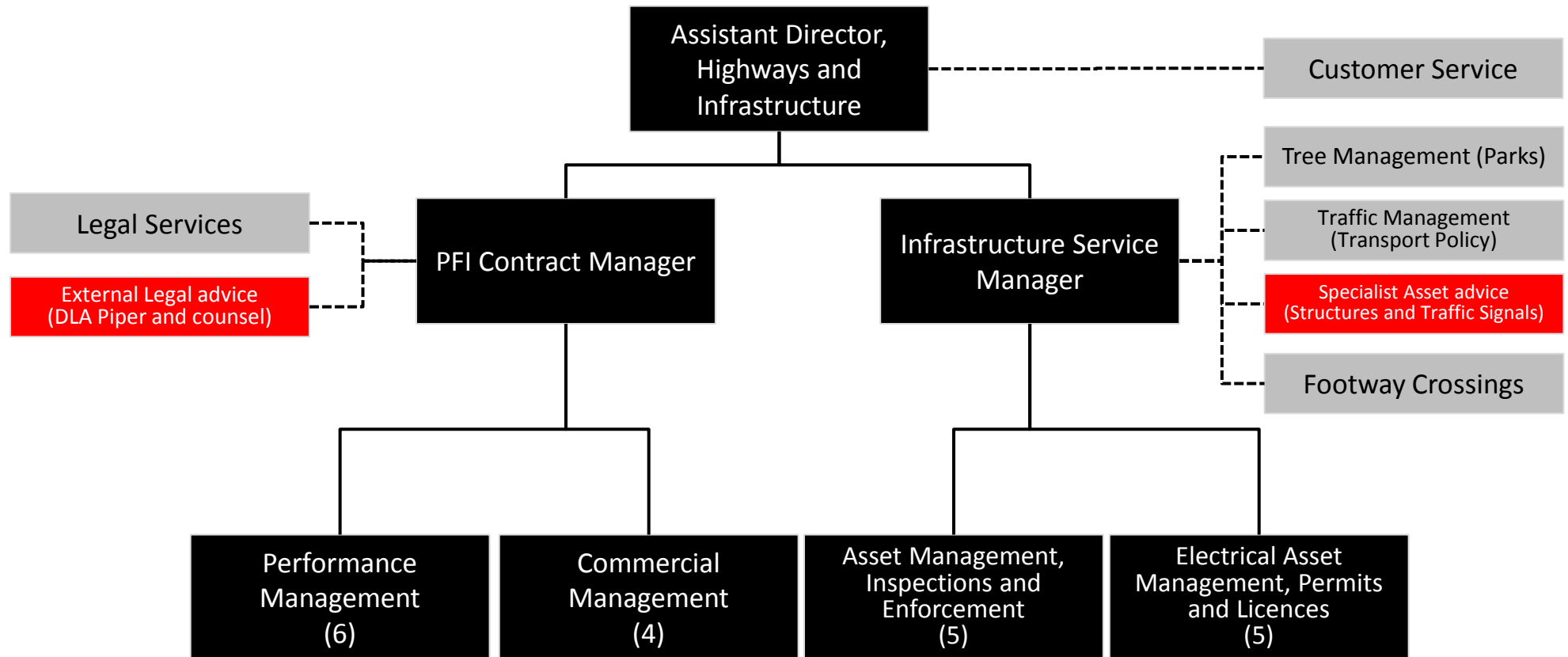
Risks transferred

- Key risks are transferred to Amey, protecting the council to a significant extent.
- These include:
 - The cost of **delivering the services** under the contract and **meeting its performance requirements**.
 - Managing **suppliers and the cost of materials** to provide the services.
 - The cost of **repairing damage by third parties** to the infrastructure assets
 - **Liability for damage to third parties** caused by highway infrastructure
 - The cost of **defending claims** for not maintaining the roads in a safe condition.
 - The cost of **energy consumed** by street lights and other assets, which is capped at a profile.
 - Changes in **traffic and climate / weather** over time

Monitoring

- Self monitoring contract:
 - Service Provider has obligations to monitor its service delivery
 - Performance of the services is recorded in a Management Information System
 - Service Provider reports on performance monthly
 - Deductions may be applied for Reporting Failures
- Independent Certifier (Atkins) assesses completion of Core Investment Period Milestones
- Client team within Highways, covering contract management and technical professionals

Client team



Our contract management approach

- 'Thin' client team, supplemented with external specialists
- Inspections and audit approach: sampling, not duplicating
- Independently assessed:
 - Procurement contract management audits
 - Best practice with Local Partnerships

Myth buster

Common Amey myth	Truth
“The contract is punitive / too difficult”	Only if you don’t deliver substantively. Addressing Core Investment Work and backlogs is critical to this. A highways service is challenging, but Amey’s performance has been poor.
“Amey has delivered the investment it was obliged to”	Amey must deliver the Output Specification requirements, whatever it costs. There is no limit to this.
“The council hasn’t approved our programmes”	Programmes submitted by Amey: (i) don’t comply with contract requirements and (ii) do not contain any surfacing works.
“Amey’s obligation is to keep the roads safe”	Yes, but it is also to provide proper repairs and proactive investment to the Output Specification.



Highways and Infrastructure

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Highway Maintenance and Management PFI Contract Risks

Briefing note for Audit Committee, 20 November 2018 (Public)

1. Introduction

- 1.1 The purpose of this briefing note is to explain to the committee:
- i. the current position regarding the council's Highway Maintenance and Management PFI contract;
 - ii. the council's objectives; and
 - iii. how the council manages risks relating to the contract.
- 1.2 For reference, throughout this note:
- i. "ABHL" refers to Amey Birmingham Highways Ltd, a Special Purpose Vehicle (SPV) with whom the council holds its Highway Maintenance and Management PFI contract.
 - ii. "ALG" refers to Amey Local Government or Amey LG, a division of Amey plc that is the subcontractor to ABHL and provides or procures the provision of the services under the council's Highway Maintenance and Management PFI contract.

2. Background

- 2.1 The most recent decisions by Cabinet relating to this issue were taken in July 2018. A detailed background to that point was provided in section 5 of that report (see Appendix 1 to this report).
- 2.2 Appendix 2 shows the relationship between different parties within the contract structure. This is also important in understanding the relevant relationships under the contract.
- 2.3 Members may also find the attached slide pack helpful in describing the basis and objectives of the contract.
- 2.4 Since July 2018, the following events have taken place:
- i. Amey LG has refused to pay the ~£55m + interest that it owes to ABHL and therefore to the council.
 - ii. The Supreme Court has refused Amey LG / ABHL leave to appeal against the Court of Appeal judgment on 30 July 2018.
 - iii. We have also demonstrated conclusively that (i) Amey has no right to retain this money and (ii) any Milestones that are certified will only apply from the date that they are certified (i.e. not retrospectively).
 - iv. Amey LG has also declined in our view to transparently provide information regarding the condition of our highway network. For several months we consider that it has been unable to demonstrate that it is complying with the order of the Court of Appeal in respect of this. They continue, with ABHL, to appear to seek to confuse what is required and what information has been provided.
 - v. Amey LG has refused to provide programmes to complete the investment that it is obliged to do. These would be derived in part from knowing the present condition of the network. Programmes have been provided but these contain no meaningful attempt to provide the work that they are obliged to perform.
 - vi. Lenders have placed the Holding Company for the SPV in administration. This is a technical administration; the SPV remains solvent and able to trade. They have appointed two administrators and they have appointed two new board members,

replacing the two Amey board members. This should enable the Board to take decisions in the interests of the SPV as a company, without those decisions being directly influenced by their consequences for Amey, who is in any event only one of three shareholders.

2.5 Unfortunately, the council has had no alternative to pursue matters in this way:

- i. Fundamentally, Amey LG / ABHL have failed to provide for a substantial part of the investment due under the contract. To not pursue this matter would be to accept that non-provision and fail to obtain a substantial deliverable. That would not be value for the public purse (and could have implications for our PFI grant).
- ii. Despite the current position, the council has managed this contract appropriately and well. In the early years we sought extensively to work with Amey LG to help them improve their performance. They have proven to be unwilling or unable to deliver the required investment and operational performance or delivering requirements of previous settlements. This has necessitated more robust action and this has been escalated proportionately over a considerable period of time to arrive at the current position.
- iii. We consider that Amey LG in particular has demonstrated that they cannot be relied upon to substantively and transparently deliver the requirements of previous settlements.

2.6 We have insisted that in the absence of any other agreement, we expect:

- i. Amey LG and ABHL to comply with the order of the Court of Appeal and their contractual obligations;
- ii. Amey LG to pay the money that they owe to ABHL and ABHL to pay this to the council; and
- iii. Amey LG to continue with their contractual obligations to maintain the network and invest in it.

2.7 Whilst we agree that there is ultimately no long term future for Amey on this contract, to discuss the terms of their exit before Amey is complying with the contract requirements would not be an appropriate commercial position for the council.

3. Our objectives

3.1 The council's objectives remain consistent. These are to ensure best value for the public purse by:

- i. Obtaining the investment for which the Council is paying, i.e. the investment in the network, but also future programmed and routine maintenance;
- ii. Retaining the capacity and financial support from central government to deliver the services in the future (i.e. protect the PFI grant);
- iii. Ensuring that we manage the contract effectively and only pay for what we receive and ensure ABHL / ALG is properly dis-incentivised from underperforming;
- iv. Developing a way forward that will enable the Council to have confidence in future service delivery, which stabilises performance, minimises safety risk, cost implications and reputational risks to the Council and maintains acceptable standards of service delivery.

4. The role of Audit Committee in this matter

4.1 As the Audit Committee you have oversight of how the council's actions are managing the risks to the council in respect of this complex issue. As stated in the Risk Management Toolkit, this is *"to provide independent assurance to the Council in relation to internal control, risk management and governance."*

- 4.2 These risks are principally captured within the Corporate Risk Register, specifically Risk 6. This describes the overall management of the risks associated with the council not receiving what it is / has been paying for through the contract.
- 4.3 This is however a much more complex matter than can be captured in one risk register entry alone. There are therefore a number of more detailed risks and permutations that are managed by the council's client team on a day to day basis. These may transpire as specific risks in the future. Due to the nature of the information, these are appropriately detailed in the private part of this report.

Domenic de Bechi

PFI Contract Manager

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Appendix 1: Background

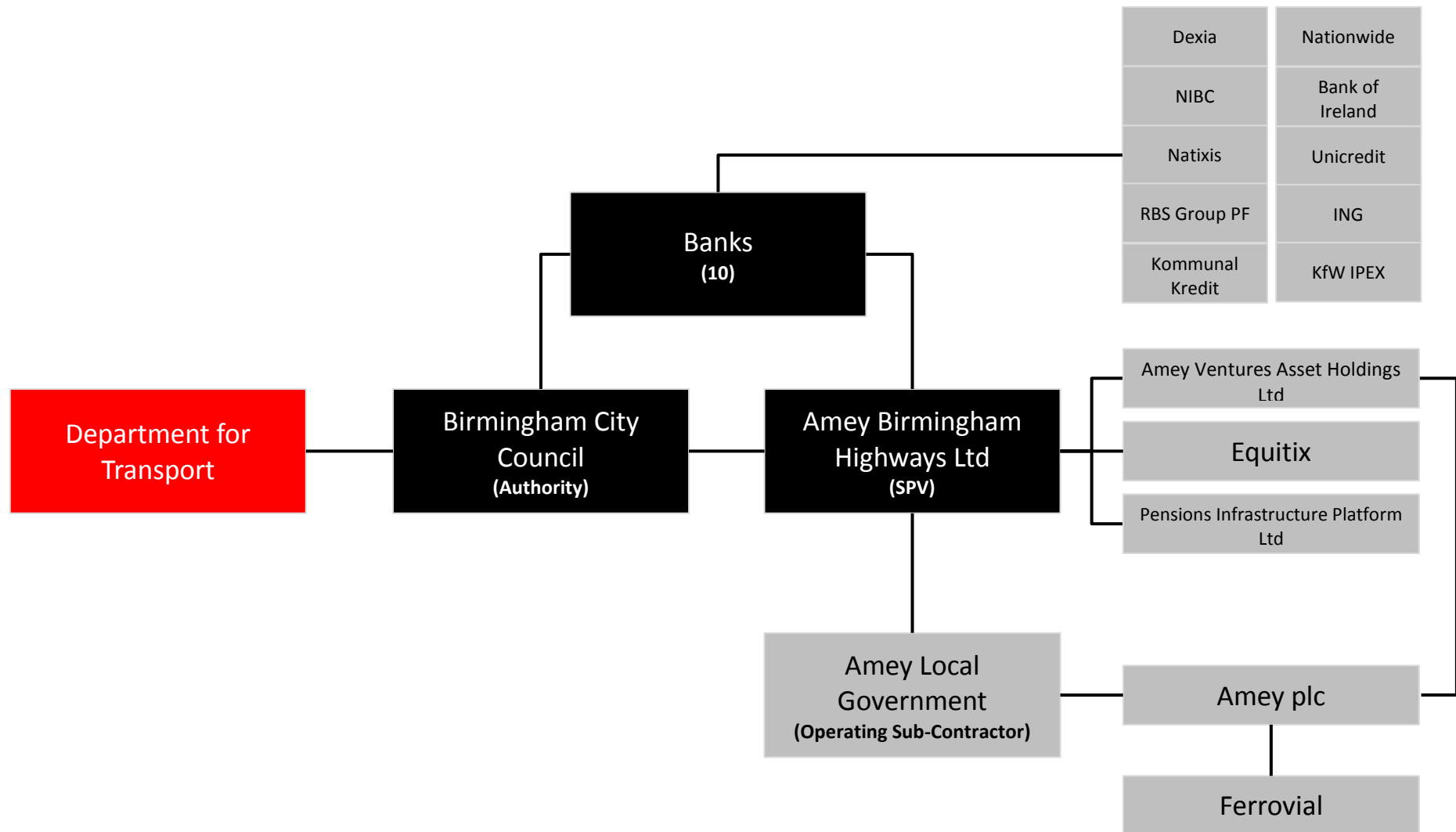
Extracted from section 5 of the report to Cabinet, 31 July 2018 (Public).

Background to the current position

- 5.1 The HMMPFI contract commenced on 7 June 2010 and included an initial five year 'core investment period' (CIP) to improve the city's highway infrastructure and provide operational services on the highway network over the full 25-year contract term. It provides the Council with a £51.9m per annum PFI grant from government to supplement the Council's own revenue budget for highway maintenance and management, which has been ring fenced for the 25 years duration of the contract. The Council's contract is with Amey Birmingham Highways Ltd (ABHL), a 'special purpose vehicle' company that employs Amey LG (ALG – a subsidiary of Amey plc providing highway maintenance and management services) as its main subcontractor to provide the services.
- 5.2 After an initial period of delivery, the Council began to identify concerns regarding a range of issues with ABHL. These issues included questionable investment decisions, quality of workmanship and performance. The Council has many disputes with ABHL and ALG, ranging from relatively small amounts to tens of £millions. Further detail on ongoing contractual disputes pursued under the HMMPFI contract is contained in the Private Report.
- 5.3 Officers have made extensive efforts to resolve these disputes with ABHL. Throughout 2017, discussions took place with senior managers in ALG and Amey plc towards a comprehensive settlement of all disputes. The timing at that moment, following the September 2016 High Court judgment that was nominally in favour of ABHL / ALG, was advantageous for ALG and Amey plc.
- 5.4 From discussions in 2017 an interim agreement was approved by Cabinet in July 2017 and signed in September 2017. This provided a degree of investment on roads and pavements in return for contractual relief to ABHL / ALG to enable them to address performance issues. Cabinet considered and approved the terms for a potential full settlement on 12 December 2017. However, this settlement was not completed as those terms could not be agreed with ALG and its parent company Amey plc.
- 5.5 The Court of Appeal unanimously determined one of the two significant investment disputes (the Project Network Model) conclusively in the Council's favour in February 2018. It described ABHL / ALG's actions as an "*ingenious interpretation of the contract*" and went on to state that parties in a long term contract such as this should not be seeking to "*disrupt to the project to maximise [their] own gain*".
- 5.6 The effect of the Court of Appeal's judgment and subsequent Order dated 22 February 2018 was that:
- 5.7 ABHL is now required to re-calculate the condition of roads and footways and to provide programmes of investment work to rehabilitate it correctly; and
- 5.8 The Court of Appeal judgment overturns the High Court judgment, meaning that the Council (i) is no longer obliged to pay ABHL as though investment work was completed after May 2013 and (ii) is entitled to recover the overpayments that result (£54.95m) together with accrued interest. This has also reduced future monthly payments to ABHL by ~£1.3m each month.
- 5.9 The current position on implementing the judgment is that ABHL / ALG (despite additional pressure, including litigation):
- 5.10 have not completed the investment required under the contract, and in fact have neither provided details of the condition of roads and footways, nor provided programmes to do this;

- 5.11 have not repaid the significant sums of money (in excess of £55m) owed to the Council; and
- 5.12 have continued not performing the contract requirements (in addition to providing the investment required by the court decision), which has resulted in the Council withholding ~£42m from payments in relation to non-performance (up to and including the June 2018 Monthly Payment).

Appendix 2: Contract Structure



BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Head of Service –Neighbourhood Development and Support Unit
Date of Meeting:	20th November 2018
Subject:	Local Innovation Fund – Interim External Evaluation
Wards Affected:	All

1. PURPOSE OF REPORT

- 1.1 To provide an overview on the Interim External Evaluation of the Local Innovation Fund done in November 2019 - January 2019
- 1.2 To give a brief outline on the Final External Evaluation of the Local Innovation Fund October 2018- February 2019

2. RECOMMENDATIONS

- 2.1 Members are asked to note this update report.

3. LEGAL AND RESOURCE IMPLICATIONS

- 3.1 The Business Plan and Budget 2016+ that was agreed by City Council on 1 March 2016 approved an annual budget of £2m to fund the Local Innovation Fund. The Cabinet Committee – Local Leadership were presented with regular financial performance reports on the progress of expenditure from its introduction in September 2016 until its final meeting in December 2017. The Cabinet Committee – Local Leadership operated within the provisions of the Local Government Act 2000.

4. EQUALITY ANALYSIS ISSUES

- 4.1 The development and implementation of the Local Innovation Fund was subject to the public sector Equality Duty and impact assessments were carried out as appropriate. A screening assessment indicated no issues

5. COMPLIANCE ISSUES

- 5.1 The Business Plan and Budget adopted by Full Council in March 2016 committed the Council to, “develop a new approach to devolution within the city, with a focus on empowering people and giving them influence over local services”. The development of the Local Innovation Fund (LIF) and its implementation, introduced in September 2016 and to be completed by March 2019 was an integral part of this commitment.

6. RELEVANT BACKGROUND TO LIF AND THE INTERIM EXTERNAL EVALUATION

- 6.1 LIF was launched in September 2016 with the ambition of transformative local innovation by introducing a new approach of investing in neighbourhoods using an asset based approach and supporting and strengthening local social capital that enabled citizens do different things in different ways to make better places to live rather than the continuation of a one-off grants based approach – **“Doing things differently in neighbourhoods to make better places to live”**. The key elements of LIF were Innovation, Place-based, Collaboration and Sustainability. The initial Cabinet Report and relevant supportive documents produced for members and community groups are attached as Appendix 2 for further background information.
- 6.2 The decision was made at Cabinet Committee – Local Leadership that every ward would receive the same allocation of LIF - £48k. The aim was for members to work in their local leadership role in conjunction with residents, community groups and other organisations that had an interest and stake in the local ward to prepare proposals that met key ward priorities as identified in the ward planning process. Ward proposals once developed would then be presented at and approved by Cabinet Committee – Local Leadership.
- 6.3 The Neighbourhood Development and Support Unit were responsible for the development of the scheme and subsequently to support, administration and monitoring of the process and successful proposals citywide.

6.4 159 LIF proposals were submitted from Wards citywide, with 119 finally taken to Cabinet Committee – Local Leadership for approval. The first proposal from Tyburn Ward was approved in December 2016 and then others throughout the next 12 months until the final committee approvals on December 20th 2017. It should be noted that a significant number of schemes, 50 out of the 119 (October -10, November -5 and December -35) were not presented and approved until very late in the process. All but £15k was allocated from the original £2m made available for LIF

6.5 Linxs Consultancy were commissioned by NDSU in October 2017 to carry out an external interim evaluation of LIF.

7. Interim Evaluation Report of LIF – February 2018

7.1 It should be noted that as many of the funded projects had either not commenced delivery, or were at a very early stage, having been formally approved in mid-late 2017, the interim evaluation should be considered a snapshot report with a final evaluation to follow in early 2019.

7.2 The interim report focussed on the following key elements

- Critique of the LIF model and the supporting role of the NDSU
- Process analysis, getting the views of local councillors, identified proposal lead, and NDSU representatives on the proposal development and submission stages
- Examination of the extent to which proposals and early delivery can be considered, “innovative”, assessed against multiple criteria
- Identification of emerging good practice and areas which may be suitable for future replication
- Summary of lessons learnt to date, both in terms of ongoing management of the LIF regime, and for the possible rollout of future ward based funding

7.3 To ensure the broadest possible consultation framework within a fairly limited timeframe, a multi-methodological approach was taken by Linxs comprising of the following:-

- Semi-structured interviews and group sessions with the NDSU team
- Online survey open to all BCC Councillors, which received 21 responses (just in excess of one sixth of all elected members)
- Supplementary drop in conversation session with Councillors in January 2018
- Document review of hard copy successful LIF proposals
- Online survey with project proposal leads (24 responses which represent 20% of successful proposals).
- In depth assessment of 13 projects ensuring both a geographical spread across the city and range including 1:1 semi-structured interviews with project representatives.

7.4 The Interim Evaluation Report is attached in full at Appendix 1 with Section 6 outlining key findings in the following areas

- Outcomes
- Ward Plans
- External Scrutiny

- Role of NDSU
- Provision of Support and Guidance
- Process Issues
- Sharing of Emerging Practice
- Models of Funding and Scheme design
- Next Steps

7.5 The Interim Report was presented to the appropriate Cabinet Member in April 2018

7.6 A follow up Final Evaluation Report, focussing on impact and outcomes has now been commissioned by the NDSU, again with Linxs, to be carried out from November 2018 and be ready for February 2019. Any comments from Audit Committee on how to shape the Final Evaluation Report would be very welcome.

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**Interim Evaluation of Birmingham City Council's Local
Innovation Fund
Final Report, February 2018**



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Section 2: Introduction

Linxs Consultancy was commissioned in October 2017 to carry out an interim evaluation of the Birmingham City Council Local Innovation Fund. Since the programme was launched in late 2016 (the first proposal was approved in December 2016), there have been 159 proposals submitted across the City, with 118 being recommended and taken to Local Leadership Cabinet committee for approval.

It should be noted at the outset that many of the projects funded have either not commenced delivery, or are at a very early stage, having been approved in mid-late 2017. This should therefore be considered to be a snapshot report with a final evaluation to follow in 2019. Rather than assessing project impact, this evaluation focuses on assessing the following key elements:

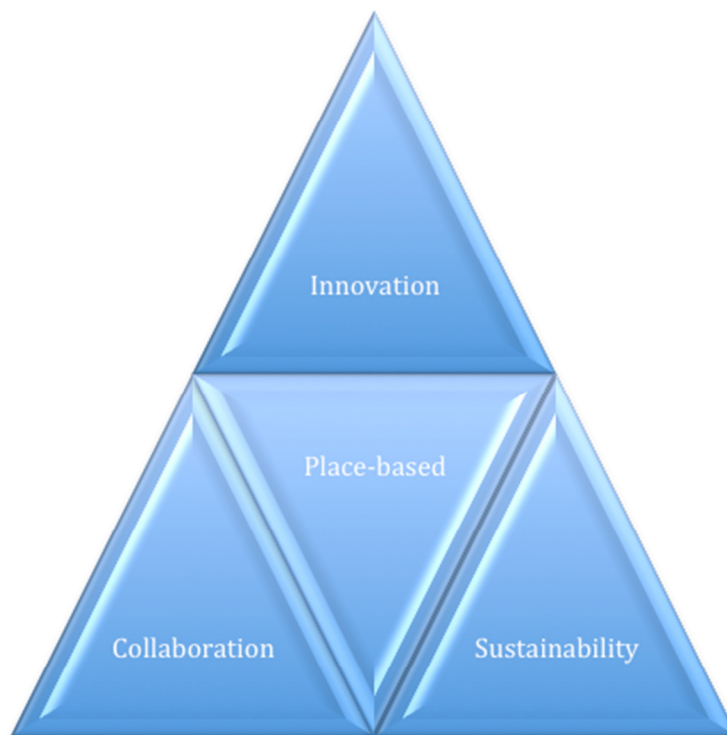
- ❖ Critique of the Local Innovation Fund model (hereafter LIF), and the supporting role of the Neighbourhood Development Support Unit (hereafter NDSU);
- ❖ Process analysis, ascertaining the views of local Councillors, project leads and NDSU representatives on the proposal development and submission stages;
- ❖ Examination of the extent to which proposals and early delivery can be considered 'innovative', assessed against multiple criteria;
- ❖ Identification of emerging good practice and areas which may be suitable for future replication; and
- ❖ Summary of lessons learnt to date, both in terms of ongoing management of the LIF regime, and for the possible rollout of future ward based funding.

To ensure the broadest possible consultation framework within a limited timeframe, a multi-methodological approach was taken, comprising:

- ❖ Semi-structured interviews and group sessions with the NDSU team;
- ❖ Online survey open to all Birmingham City Council Councillors, which received 21 responses (just in excess of one sixth of all Elected Members);
- ❖ Supplementary drop in session with Councillors;
- ❖ Document review of hard copy LIF proposals;
- ❖ Online survey with project leads (24 responses which represent 20% of recommended proposals). The online mechanism logs the length of time taken to complete survey responses. Whilst on occasions questionnaires can be answered with brevity, it was encouraging to note that respondents took a considerable amount of time to articulate lengthy responses, with the average time spent being 32 minutes;
- ❖ In depth assessment of a sample of 12 projects (10% of recommended proposals), ensuring a geographical spread across the city, including 1:1 semi-structured interviews with project representatives. At the request of the NDSU team this number was increased to 13.

Section 3: Background and Context

The establishment of LIF was approved by Birmingham City Council's Local Leadership Cabinet Committee in September 2016. It was held to be in accordance with the Council's business plan commitment "to develop a new approach to devolution within the city, with a focus on empowering people and giving them influence over local services."¹ The key elements of LIF are:



Fundamentally the ambition of LIF is to introduce a radical shift in local democratic decision-making including a move away from the previous Community Chest approach of one-off grant funding. Rather the aim is for Elected Members to work in their local leadership role in conjunction with residents, community groups and other organisations that have an interest and stake in the area to prepare proposals. There is also a requirement that all three respective Ward Councillors sign off the proposals, with the Local Leadership Cabinet Committee providing scrutiny and final approval. Each ward received an even allocation of £48k, constituting a total available outlay of £1.92 million.

Proposals are intended to be 'innovative' with a concomitant emphasis on 'doing things differently', through investment in transformative and active citizenship programmes, enhanced partnership working and subsequent reduced reliance on Birmingham City Council services. It was instigated to represent a key citywide opportunity to mobilise the voluntary sector and develop an appropriate place-based model for the deployment of area-based funding, fitting with the overall City Council cultural change programme.²

¹ Birmingham City Council Public Report to Cabinet Committee – Local Leadership (20th September 2016).

² *ibid*

As with many local authorities Birmingham City Council recently has had to operate with pressures on its budgets. Within this context new funding streams, such as LIF, are uncommon and an extension of LIF was reported to be unlikely without accessing external funding sources. It is partly for this reason that the sustainability and transformative aspects of LIF were included.

Along with aligning with local ward priorities LIF proposals are expected to meet at least one City priority and one specific LIF outcome. These are outlined in the table that follows

Birmingham City Council Priorities	LIF Outcomes
Children – A great city to grow up in	Supporting citizens’ independence and well-being
Jobs and Skills – A great city to succeed in	New approaches to investment (e.g. time banking, different ways of managing public assets)
Housing – A great city to live in	Supporting active citizenship and communities stepping up to the challenge and stimulate innovative asset based approaches in neighbourhoods
Health – A great city to lead a healthy and active life	Clean Streets
	Improving local centres

Supporting documentation from the NDSU team provides categories of possible innovations, as well as detailing approaches which would not normally be considered appropriate for LIF funding, most notably when focused around equipment expenditure and staffing costs rather than partnership working and neighbourhood development per se. An example of this material is provided overleaf:³

The NDSU has now been in operation for in excess of 18 months. Historically districts in Birmingham retained the budgets for services, and staff worked for districts; but individual services are now line managed centrally by a Birmingham City Council officer. Support for neighbourhood development, local democracy, funding and ward action did not fall neatly under the remit of any particular service however; these elements came together in the NDSU. The importance of the role of the team is that it, therefore, has a cross-directorate and pan-Birmingham remit, and is potentially the only unit operating as an interface between residents, local partnerships and the Council. With the impending ward changes reducing the number of Elected Members, including the introduction of single member wards, it becomes even more critical to have a viable and effective support structure for neighbourhood development, Voluntary and Community Sector (hereafter VCS) support and local democracy.

³ Neighbourhood Development Support Unit: Guidance on Good Practice

Local Innovation Fund – Guidance on Good Practice examples for spend

GOOD INNOVATION – WHAT WORKS AND WILL BE SUPPORTED

The LIF is about partnership working – encouraging groups to come together to test out new ways of doing things, It is about moving away from dependency and having less reliance on the City Council. It is about action.

- Development of local community planning – community audits, surveys, mapping to improve outcomes and actions, e.g. supporting community led regeneration
- Investment in community enterprise - community hubs and community networks, local markets, food assemblies and BID development
- Pop up community learning workshops ,peer to peer support initiatives, knowledge and skills exchange
- Support community ownership and management of assets such as Community Asset Transfer
- Support communities and agencies to come together to develop Neighbourhood Companies, Co-operatives or other forms of community enterprise
- Action to remove red tape e.g. local charters or break down barriers e.g. meet service provider days
- Identifying and supporting specific neighbourhoods where innovation by community groups will be encouraged
- Strengthening Communities – capacity building, peer to peer mentoring, skilling up local residents, learning
- Match funding with other appropriate local funds i.e. Police – Active Citizens and Community Safety – Mobilising Communities and cross ward proposals
- New forms of community led engagement and involvement, particularly enabling young people to address the challenges they face.
- New ways to allocate resources e.g. Real time community change, participatory budgeting, time-banking,
- Community led initiatives – support to active citizens and groups doing it for themselves e.g. Street Champions, Street Associations etc.
- Links to District Community Challenges
- Community managed events and activities

MAY BE WANTED AND USEFUL BUT DOES NOT MEET CRITERIA FOR LIF FUNDING

(Generally more emphasis on equipment and doing to rather than with)

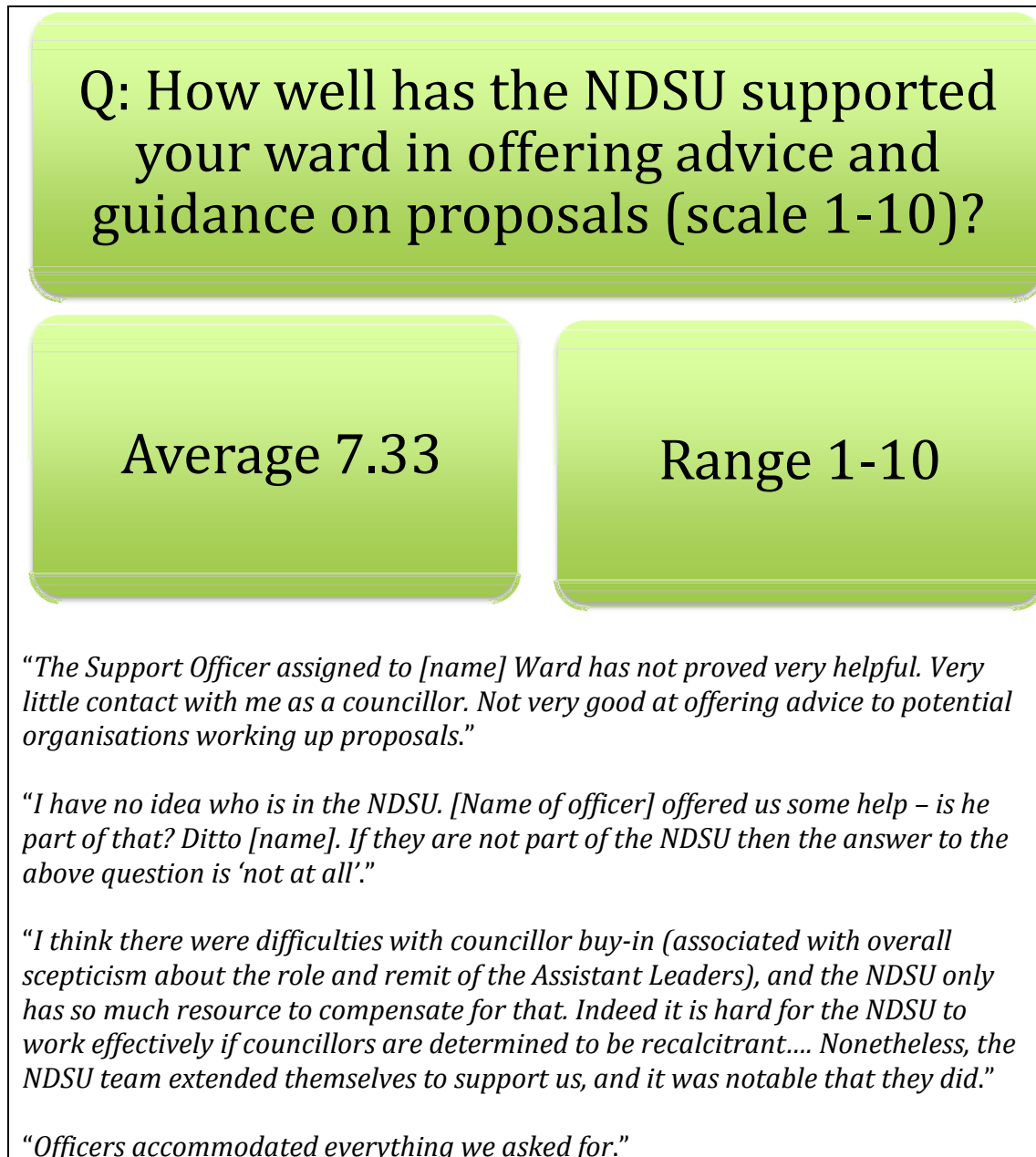
- One-off equipment e.g. CCTV, Gating, Lamp posts, Hanging baskets, Christmas lights
- One –off events (unless linked to supporting new neighbourhood led networks)
- On-going costs
- Contracted Staffing
- Commissioning Reports
- Monies used to replace lost revenue budgets or core funding

Section 4: LIF Process Assessment

The analysis in this section is focused upon the administration and implementation of the fund.

Role of NDSU

In relation to the NDSU's role in administering LIF, Councillors were asked within the survey consultation to rate the support they were receiving from the team. The results and associated comments are displayed in the graphic below:



Whilst the average (7.33) is positive, of greater interest is the polarised range of response from 1 (not at all) through to 10 (very well). There could be a number of potential reasons for this discrepancy:

❖ *Resourcing*

The NDSU originally had 4 designated Community Support and Development Officers and 3 Governance Managers split geographically across the City. Following the completion of a secondment arrangement, the number of Community Support and Development Officers has been reduced to 3, meaning the workload has been spread across remaining staff. The consultation revealed that this has caused relationship issues in some areas, due to a new representative being introduced without full knowledge of the local dynamics and contacts. It should also be noted that the under resourcing restricts the unit from being able to dedicate sufficient time to individual specialisations, for example maintaining an up-to-date knowledge of funding streams and building good practice libraries, elements which should be considered essential for most effective delivery.

❖ *Identity*

The strength of the NDSU as a cross-directorate team is also paradoxically its fundamental weakness. The unit recognises the need to do more to promote their existence, function and achievements across the City. Indeed various stakeholders commented on the existence of an invaluable relationship and respect for the supporting role provided by the individual officer, but this appears to be a legacy of their (former) ward and district roles, and not a recognition of the NDSU as an entity in its own right. The second comment in the graphic on the previous page is a particularly good example of this.

❖ *Role*

There was also a perception expressed during consultation amongst members of the NDSU that certain Elected Members wanted them to exceed the boundaries of their role and be more active in directly facilitating ward events and taking the lead in writing proposals. The team were keen to stress the importance of their remit as **supporting** and not **steering** local democracy.

This supportive role has been multi-faceted in the administration of LIF, and at times appears crucial. One officer described how there were concerns in one particular ward that LIF related ward meetings would be dominated by supporters of one specific organisation. The officer explained how he/she had adopted an interceding role to ensure that other organisations and community groups were given the confidence and platform to develop proposals, which were ultimately successful. Another NDSU representative described the importance of the role in being able to support Elected Members to reject proposals, because they were clearly outside of the scope of LIF criteria, but subsequently to work with those groups in question to apply for alternative funding (for example, a Lawn Tennis Association proposal for tennis provision and training in Sutton Trinity).

During 1:1 and survey consultations with LIF project representatives, there was almost universal approval for the support they had directly received from the

NDSU throughout the process. Criticisms were procedural rather than relationship based: issues relating to systematic delay and perceived 'red tape' are described in a later section, see below pp.17-18). The following comments illustrate the value placed on the support received:

"[name] has been amazing. They helped me to see how our local projects could be linked without being totally submerged into one another. I was really concerned beforehand."

"I was helped enormously by being able to talk to a City Council officer about the process. It could be improved by better opportunities to talk with our local Councillors about our application as it developed."

"[The process was] fairly straightforward with assistance and guidance from the District Community Support and Development Officer."

Role of Elected Members

Local Councillors play a vital role in the implementation of LIF with their local leadership role. For LIF to work as envisaged Councillors should be actively involved throughout the process from identification of community concerns, development of projects, encouragement to develop collaboration/innovation through to the recommendation that projects should be approved and receiving reports back on progress.

❖ Preparation for LIF roll out (Understanding the Concept)

Due to this there was therefore a potential for LIF not to be implemented as intended if Elected Members did not embrace it fully or did not understand their role completely. In order to mitigate this, and prepare Local Councillors for their responsibility to collaborate on developing LIF proposals, the NDSU provided two dedicated training sessions, as well as five information sessions for officers and the provision of on-going support materials.

However, sign in sheets reveal that only 40/120 Elected Members attended either of the two sessions, leaving a gap in knowledge to be filled (if sought) by colleagues and the NDSU team. The following comments from both project leads and Elected Members show how this gap translated into varied practice:

"Some councillors don't get their new role as community leaders or sort of neighbourhood managers."

"LIF depends on the ability and quality of local members."

"Not convinced that all councillors got the difference and the external scrutiny."

"LIF was too complicated for people to understand. The only people who knew it well were the officers working on it full-time."

"Councillors understood Community Chest. They do not understand this."

"We found out about LIF through a ward meeting announcing LIF funding. Our Councillors have been very supportive, but as the process has gone on it has become clear that their knowledge of what LIF is and how it works is very limited."

compared with:

"The information provided [about LIF] was clear. I connected with Local Councillors to clarify details."

"We obtained feedback from Councillors on our proposal and the selection process. They really understood it, particularly [name]....allayed our fears and the whole process was very transparent."

There was also great variety reported in how Councillors undertook the need identification process in their wards. Whilst the needs identification should be tailored to local circumstances and personal preferences, the differences in approaches could be, in part, due to this knowledge gap. Elected Members highlighted the following different processes which they adopted:

"Ward meeting to initially discuss fund followed by a meeting with one of the Assistant Leaders came and discussed fund. This was followed by a ward meeting that split into workshops to identify ideas and commonalities. Once main ideas and delivery groups identified then we undertook a series of meetings to develop applications"

"We brought various organisations and local people together with our Flip Chart. The residents were able to say and describe how they will be able to shape the ward. There were different workshops on different subjects and areas in the ward. At the end of the day, it was clear as to what is needed in the area and how it could be achieved."

"Feedback from local residents reviewing what worked well and what didn't work so well in the Ward. Reviewed comments from Ward forum meeting, PACT meetings and (named organisation) members. Visited groups that use the local community centres. Visited local sheltered housing schemes. Contact with local schools and places of worship."

"We told community activists in the ward (at a special Ward meeting and Saturday morning conference) about the money and they came forward with project ideas."

"Emailed to all known groups in the ward, advertised on social media, not hard to get potential projects to come forward."

"We used ward meeting and had meeting to decide which bids were appropriate."

"I was aware of a need in my Ward. The LIF had already been noted by a local charity (name provided) and I became aware of their interest. I joined the 2 thought streams up and we proceeded together."

It was further reported that that not all Local Councillors understood what was meant by innovation, i.e. that it was about people within neighbourhoods doing things for themselves. This confusion is highlighted by the following response to the Councillor survey:

"Why do we have to have innovation, if by now we don't know what works and supports the development of active local communities when will we ever know? The endless desire for innovation merely has the impact of making good projects dress themselves up as 'innovative'."

Whilst this may be a reflection on the relative abilities of Councillors to grasp the opportunity fully and understand the concept, it should be noted that it was also argued that the understanding of innovation could have been enhanced if more case studies had been provided. This represents a clear conundrum for the NDSU; the creation of a series of such examples could actually have led to greater replication rather than creativity based on local need.

Nevertheless, a further suggestion was that officers with suitable vision and experience could have held 'blue sky' sessions with ward fora (or similar) to assist in explaining what was meant by innovation and encouraging suitable proposals to be developed:

"We did get a case study on job creation but more would've helped even if they were fictional. It was a bit lacking on innovation for an innovation fund scheme. It would've been useful if a person with imagination like (Officer name provided) could've got some proper ideas together and brainstormed them together."

It was suggested this could be in the form of a 'how to' guide which would encourage Councillors to undertake a more detailed process of identifying appropriate proposals. It was recognised by this Councillor that this would result in the process being more resource and time intensive but could result in proposals being more closely linked to local need.

Notwithstanding the above limitations, that some Elected Members and wards truly grasped the concept is highlighted by a response from another Councillor who said:

"LIF has been a really good idea – encouraging us all to work in a much more creative and joined up way – Councillors, residents, local organisations."

This statement clearly demonstrates the potential for the scheme to be transformative in terms of modes of operation where the opportunity is understood and grasped fully.

❖ *Collaboration not competition*

LIF had at its core a desire to strengthen neighbourhoods through support and capacity building, as well as establishing new models for the operation of locally based services. This desire came from the way in which local issues and needs are identified, through to designing an appropriate project to the delivery of that project itself. Developing collaboration between projects also could reduce the amount of competition between them and encourage them to seek common ground.

A number of projects did follow this model. Comments were made from Councillors that LIF should be seen as a way to embed this collaborative approach and that it could be a model for the future sustainability of local services. In addition collaboration between services was proposed as a potential way to improve commissioning arrangements in the future; making them more in tune with local priorities. Indeed one Councillor stated that they would like to see this collaboration being forced upon organisations in the future, while a further Elected Member suggested that some officer resource could be dedicated towards developing collaborative approaches.

The notion of a co-operative council, principally developed by Oldham Council, was seen as a further policy driver in relation to the LIF process. This notion is linked to the collaborative principle but is not pre-requisite in achieving it. This principle was seen as being a key element to the most imaginative and innovative LIF proposals but also fitted in with the broader ethos of the City Council in embracing the 'Our' concept of service design and delivery (i.e.: 'Our Council', 'Our Park' etc.) and of the wider cultural change programme.

A particular aspect of collaboration which the LIF process developed was the need for all three ward councillors to provide the final sign-off on projects. This aspect was reported as being especially valuable in wards where councillors had mixed political party allegiances. This approach was stated to:

<p><i>"Force collaboration and co-operation and avoided exclusion of one councillor from the process." (Elected member)</i></p>

This approach was reportedly different to some previous local discretionary funds, for example local highways funding, where the majority party could decide.

❖ *Timing of individual ward processes*

There was clearly a lack of urgency in some wards in coordinating events to identify local community needs and develop proposals. In October 2017 over a third of the total available spend (£750k) had not been allocated, leading to a last minute rush to submit proposals. This has negative implications against the time required to generate interest, identify community concerns and develop innovative and collaborative project ideas. Party politics and character conflicts

between Elected Members were cited as contributory factors, as was the timing of the unexpected General Election which included the 'purdah' period.

It should, however, be noted that the NDSU highlighted a range of wards as truly embracing the LIF model and used it as an opportunity to develop a shared view of citizenship, transcending party politics and cultural backgrounds.

❖ *Transparency*

A number of respondents (including project leads, NDSU staff and Local Councillors) indicated that, despite purporting to be a local democratic process, it has not operated with full transparency in their respective wards and has been compromised, to an extent, by Elected Member self-interest with regard to their own 'pet projects' vis-à-vis organisations or individuals they did not approve of:

"[Elected Members] just fund projects they like."

"[Resident Association] put forward a really transformative proposal which has been blocked due to Councillors' championing their own project. It is an example of a good blocked project, whilst some that are not even 'projects' have been funded. The resident association were encouraged to apply, worked with the NDSU and were blatantly blocked. Having gone through the process it fuels the fear of another funding source being seen as parachuting and communities being done 'to' rather than 'with'."

"I knew of an organisation who wanted to bid but did not apply because he knew the Local Councillors did not get on with him. He laughed when I asked him, but I know he does really good work locally and could have put together an important project. Councillor bias is a strong factor."

"The main problems aren't with the NDSU team. It is with my colleagues in (Ward name provided) holding up the process and the lack of transparency with the final proposals. I wasn't really involved. It was taken over by the ward chair's wife."

❖ *Legacy of Community Chest*

An issue that was presented in the consultations, especially from the Elected Members, was the legacy of a previous funding stream, the Community Chest, which was also ward based. However there are fundamental differences with LIF seen in the focus on innovation, the development of proposals between Elected Members and community groups, and the scrutiny process outside of the ward. Crucially the role of Councillors is to *support and not approve* proposals. These factors have created some confusion, or even resentment towards LIF, from some Elected Members as "Community Chest was much loved."

Scrutiny is provided systematically by the NDSU, who support the ward proposal processes and advise on the extent to which projects meet the LIF criteria, Birmingham City Council Assistant Leaders, who receive each proposal and advice from the NDSU, and the Local Leadership Cabinet Committee itself, which

provides final approval for each project. It was reported that some ward members did not appreciate this scrutiny and thus were not fully supportive of LIF. This was despite the fact that ultimate decision-making could not occur at ward level as Councillors do not have the delegated power required. The view is summarised by the following comment from an NDSU officer:

"LIF is out of the control of Elected Members vis-à-vis Community Chest. Some have really struggled to grasp the difference and the increased democratisation. What Members really do not like is that they do not have the final power to approve projects. It goes via Cabinet ultimately."

In addition the focus on innovation, and the need for proposals to be developed in conjunction with community members, was reported not to have been fully embraced or understood by all Councillors. This was highlighted by the following comments from Elected Members:

"Community chest...was better able to fit with ward plans and provide solutions to problems that existed."

"LIF was too complicated for people to understand. The only people who knew it well were the officers working on it full-time."

The potential for LIF to be innovative though was recognised by some; this is highlighted by the following quote:

"LIF has been a really good idea – encouraging all of us to work in a much more creative and joined up way, Cllrs, residents, local organisations".

In summary one Local Councillor stated that:

"Community Chest was easy for members to do but is also different in nature to LIF. There is no reason, if resources allowed, that you couldn't have both as they do different things".

Q: How well do you feel that LIF approved projects dovetail with ward plans (scale 1-10)?

Average 6.19

Range 1-10

In comparison to the other quantitative questions in the Elected Member survey, Councillors were less inclined to feel that LIF proposals were directly advancing ward priorities. There was also a broad disparity in the responses, with the whole range from 1 (not at all) to 10 (very well) represented. A key background factor here is that many existing ward plans at the time of proposal development were three to four years out of date, and the current batch are only now just being produced.⁴ It should be considered a missed opportunity that the ward planning and LIF proposal development periods were not in synergy and seen as an intertwined and mutual process, as this would have helped to ensure the marriage of innovation and vision, enhancing the potential legacy value. Instead, it was reported that many areas clearly failed to engage with the empirical data and profiling (provided by the NDSU) and fell short in developing robust planning processes. Many proposals are more functional than visionary accordingly:

"Proposals are very much, 'this is the issue...this is the resource' rather than 'this is the vision for our ward(s)...these are the organisations who can be developed and have the capacity to deliver against these objectives which will help the vision to become reality." (NDSU Officer)

The development of new wards from May 2018 could provide a further opportunity to incorporate the lessons learnt from the LIF process, including the identified needs, into new ward plans.

⁴ In some areas of the city Neighbourhood Plans have also been, or are being, developed in part in response to requirements from the Localism Act.

Alternative LIF models

It was noticeable within all stages of the consultation process that many respondents questioned the LIF framework, both in terms of resource allocation and the sole focus on innovation per se. The £48k even allocation per ward resulted not only in it: “feeling too much like another manifestation of Community Chest; funding that was supposed to be objective became politicised from the get go,” (NDSU representative) but it also was seen as failing to recognise the disparity of deprivation and associated relative need for transformation across the City.

It should be stated, however, that a number of participants in the evaluation were supportive of the even split of resources. This in particular related to the belief that all wards should receive something no matter what the actual need was. This belief was highlighted by the following quotes from a variety of Councillors:

“I recognise that the same amount per ward meant it didn’t match real need but it was needed politically.”

“It was a good idea to give all wards the same and not have it based on need.”

“The philosophy of every place matters was good and I’m supportive of all wards having some resource.”

Meanwhile there was a perception that the emphasis on innovation was “too adventurous” and represented too much of a shift away from resourcing current “good projects” and local practice, as the following comments from varied sources demonstrate:

“...too much reliance on new projects instead of supporting existing work.”

“There are micro organisations who need support, and that are important for grass roots community development. These could have benefited greatly from the funding but they (and their Councillors) do not necessarily understand how they contribute to the bigger picture. Such funding would not necessarily have been innovative but it is necessary. Only way this could work within the LIF framework is through an expansive umbrella bid which brought the micro together into a cohesive proposal, but examples have been few and far between.”

An alternative model which could have addressed these issues would have been to allocate a smaller discretionary grants pot to each ward (£15-20k), allowing for ‘quick wins’ and the support of development work at the micro level. The ‘innovation’ pot could then have been retained centrally within the NDSU team. This would have encouraged wards to work together, and given the NDSU the flexibility to work across political boundaries, by joining up areas and organisations seeking to advance similar transformative agendas. Such a model would have seen the NDSU role as **enabling** citywide capacity building rather

than just **supporting** localised activity, and was indeed suggested by the NDSU as the preferred model of delivery when LIF was conceived.

Developing Proposals – The View from the Projects

During the consultation process, project leads were given the opportunity to comment on their experience of the proposal design stage, and how this could be improved in the future. Experiences were generally positive, as the following selection of comments demonstrates:

"The proposal stage was straightforward."

"Yes, we found the process very user-friendly."

"The information provided was clear."

"The form was straightforward and the targets were clear."

"The process was clear with additional support when needed. I think the process is fine as it is."

"The application process is sound."

Some project leads reported that they found out about the scheme either from existent contacts they had with officers or indeed via internet searches for potential funding schemes. This highlights that information about LIF was readily available through traditional routes for interested community groups who were seeking to develop local initiatives.

"We only found out about it due to contacts in the Local Authority."

"I found out about LIF through a Google search as part of my process of searching for funding sources."

However, there was a perceived lack of clarity within the information and advertising which had impacted upon parties' understanding of LIF purpose and process:

"At first it wasn't clear that the process was actually open for proposals. We thought it was awarded through consultations with local residents."

"There was little clarity in the process of putting together the proposal as we had no criteria or definition of innovation."

Communication was also raised as an issue in relation to a lack of feedback or updates on the proposal submission process:

"It has taken a long time to go through and had no communication about the outcome....had to keep chasing for information."

"There were long periods of silence. It felt more like a commissioning process. That's ok for us. We are used to it as a professional organisation, but would it put off community organisations?"

This latter point about the potential impact on community groups is particularly concerning. Indeed, another respondent contacted the NDSU directly to outline their concerns. They described how they had applied for funding in multiple wards across their district, and had experienced vastly different levels of communication in each. Moreover they had also struggled with the time demands that the proposal process placed upon a voluntary organisation:

"[F]ormal communication between each ward varied widely. There appeared to be an expectation that we would attend numerous meetings to discuss the same item, and then received little, if any, response. One of the wards we applied to offered immediate feedback, one took several months but finally offered formal feedback, whilst we are still awaiting any response of any kind from the other two wards. This is extremely disappointing given the time and effort we have put in to applying for bids to these wards, and given BCC's expectation of us attending meetings to often duplicate existing work...BCC can sometimes come across as lacking understanding of how community organisations and charities operate (particularly around staffing levels). [Name of group] for example, is entirely voluntary, and so taking time out to attend regular evening meetings and respond at short-notice is not as straight-forward as can be the case of a paid role in another organisation. Showing sympathy towards this would soften a willingness on many community groups' part to engage more meaningfully with BCC."

Primary recommendations from respondents centred around bureaucracy, with project leads feeling that the proposal administration process could be improved by establishing more formalised timescales, reduced delays and less document resubmission including post-approval responding to issues such as registering organisations on the City Council's vendor system. These points were raised by multiple respondents, as the following comments demonstrate:

"Once the application was finally approved and was with the City for payment, we were asked to provide the same documents over and over and were still being asked for the completed Conditions of Grant Form weeks after we'd received the first payment. It would be a good idea if the whole process was time-lined for applicants so we'd know how long it will take before we can start a new project."

"I had a feel that the process could have been slightly crisper. Maybe more formal deadlines, contact points. But generally it was clear enough to work out what it was and where to get information from."

"The decision process was far too long. It needs to be shorter."

The NDSU team themselves found the conditions of grant aid (hereafter COGA) bureaucracy equally frustrating to administer, and consideration could be given to reducing some of the burdens of due process in order to allow co-production and true devolution to flourish.

It was also suggested that Councillors and officers should be more inclined to visit projects and community groups physically so that they had a better understanding of the intentions and purported benefits of proposals in real terms, rather than within abstract paperwork. For example one project lead stated:

“This interview is the first time I’ve been questioned in any depth on our project and what we’re planning to achieve. I would’ve expected a more robust process in relation to the evaluation of bids as long as smaller organisations can be supported through that process so not to put them off.”

This ethos has been taken on board by the NDSU team, and projects are now being routinely visited in order to offer support and observe progress towards outcomes.

It should be noted that a small number of project leads consulted (three) suggested that the proposal development stage was compromised through attempts by Elected Members to manipulate proposals in furtherance of their own agendas. One respondent felt “bullied” into working with another organisation which they believed would significantly dilute the impact of their proposal and actually hinder partnership with other existing agencies. They subsequently redrafted an alternative proposal and proceeded to pay tribute to the role of the NDSU officer in demonstrating how a collaborative approach could be worked through. A further respondent highlighted their negative experience in the following way:

“The idea for the LIF proposal came from the community. The Councillors got their hands on it and manipulated it for their own agenda. Councillors have too much power. They tried to modify the bid to include a capital cost, which would have actually limited the project’s potential for social change and impact on people’s lives. They did not comprehend this at all. We should have been able to deliver cross-border too, with other organisations, but this was also prevented due to Councillor interests.”

Section 5: LIF Project Assessment

A review of hard copy proposals as at October 2017 revealed that the purported focus of the majority of LIF projects centres around Active Citizenship and Communities Stepping Up (90%) and Citizens' Independence and Well Being (82%). By contrast less than one fifth concerned cleaner streets (18%). In terms of City priorities, proposals were most often aligned with Health (81%):

City Core Priorities	Proposals (%)
Children – A great city to grow up in	64%
Jobs and Skills – A great city to succeed in	58%
Housing – A great city to live in	14%
Health – A great city to lead a healthy and active life	81%

LIF Priorities	Proposals (%)
Citizens' Independence and Well Being	82%
New Approaches to Investment	27%
Active Citizens and Communities Stepping Up	90%
Clean Streets	18%
Improving Local Centres	47%

The table on p.21 demonstrates spend by ward, including the number of projects and financial range of support. It is ordered by average spend and shows a broad difference between wards seeking to support 1-3 larger transformative proposals, and those approving smaller activity. In the South of the City, Weoley and Northfield have funded 19 projects between them; around 16% of the total number of projects across the whole City, with an average spend of just £5k per project. During consultation NDSU officers questioned how truly transformative projects can be with such minimal resourcing (see the discussion of LIF 105 - Weoley below on p.35), and expected all LIF proposals to be for a minimum of £10k as a rudimentary benchmark.

It was noted above that the politicisation and strict geographical equality of LIF administration resulted in wards looking inwardly, in most instances, rather than focusing on pan-ward collaboration. This is borne out by the fact that just 9 approved proposals were multi-ward in orientation. Two project leads also noted that they had been prevented from working across wards by Councillors at the proposal submission stage (for example, see p.35 above).

Comments made from the Councillor consultations indicated that cross-ward proposals were not easy to develop, partly due to current administrative structures not supporting this but also partly because the time required for this type of proposal was greater than those just featuring on one ward. These cross-ward proposals would need to be discussed by ward councillors/committees across all the relevant wards which would create these delays. This delay in discussion, and subsequently in approval, was reported to have created an issue for some potential projects. The time resource needed by these voluntary

organisations in these instances was cited as being a particular issue both due to the frustration of not knowing but, perhaps more importantly, because volunteer time is not always available (as described earlier).

Previously when districts across Birmingham were in place, as outlined earlier, administrative structures were in place that could have assisted this cross-ward co-operation (for example ward advisory groups). If similar cross-ward schemes were to be used in the future the issue of suitable administrative functions may need to be reconsidered.

On a positive note the 118 approved projects are drawn from a wide cross-section of organisational types, including residents' associations, community and voluntary groups, local partnerships, and a small number of professional organisations. The NDSU stated that though 'usual suspects' (those in receipt of previous Local Authority grant funding) had unsurprisingly been approved, it was clear that funding had also gone to those who have not previously applied for Community Chest or Neighbourhood Renewal Fund, including collaborations of smaller groups. The NDSU team sampled 56 of the projects, and determined that 20 of these had no previous history of such funding, equating to 35%.

Ward	Total Spend	Number Funded	Range (min)	Range (max)	Average
Bartley Green	48,000	1	48,000	48,000	48,000
Bordesley Green	48,000	1	48,000	48,000	48,000
Edgbaston	48,000	1	48,000	48,000	48,000
Ladywood	48,000	1	48,000	48,000	48,000
Longbridge	48,000	1	48,000	48,000	48,000
Oscott	48,000	1	48,000	48,000	48,000
Quinton	48,000	1	48,000	48,000	48,000
South Yardley	48,000	1	48,000	48,000	48,000
Sutton New Hall	48,000	1	48,000	48,000	48,000
Sutton Trinity	48,000	1	48,000	48,000	48,000
Tyburn	48,000	1	48,000	48,000	48,000
Washwood Heath	48,000	1	48,000	48,000	48,000
Billesley	48,000	2	24,000	24,000	24,000
Brandwood	48,000	2	24,000	24,000	24,000
Erdington	48,000	2	18,000	30,000	24,000
Hall Green	48,000	2	13,000	35,000	24,000
Sparkbrook	48,000	2	15,000	33,000	24,000
Springfield	48,000	2	20,000	28,000	24,000
Stockland Green	48,000	2	8,000	40,000	24,000
Sutton Four Oaks	48,000	2	8,000	40,000	24,000
Sutton Vesey	48,000	2	12,495	35,505	24,000
Acocks Green	48,000	3	13,361	20,730	16,000
Harborne	48,000	3	5,000	25,990	16,000
Kingstanding	48,000	3	16,000	16,000	16,000
Nechells	48,000	3	5,000	28,000	16,000
Selly Oak	48,000	3	10,000	28,000	16,000
Shard End	48,000	3	10,439	19,000	16,000
Sheldon	48,000	3	7,150	29,000	16,000
Bournville	48,000	4	3,000	25,000	12,000
Hodge Hill	48,000	4	10,000	15,000	12,000
Kings Norton	48,000	4	3,000	30,000	12,000
Moseley and King's Heath	48,000	4	8,700	18,250	12,000
Aston	48,000	5	8,500	12,000	9,600
Lozells & East Handsworth	47,952	5	4,500	26,000	9,590
Perry Barr	46,800	5	3,800	15,000	9,360
Stechford and Yardley North	43,130	5	2,500	13,316	8,626
Soho	38,500	5	6,000	12,000	7,700
Handsworth Wood	48,000	7	3,000	12,786	6,857
Northfield	48,000	9	2,000	10,000	5,333
Weoley	48,000	10	2,000	7,858	4,800

Analysis of Selected Projects

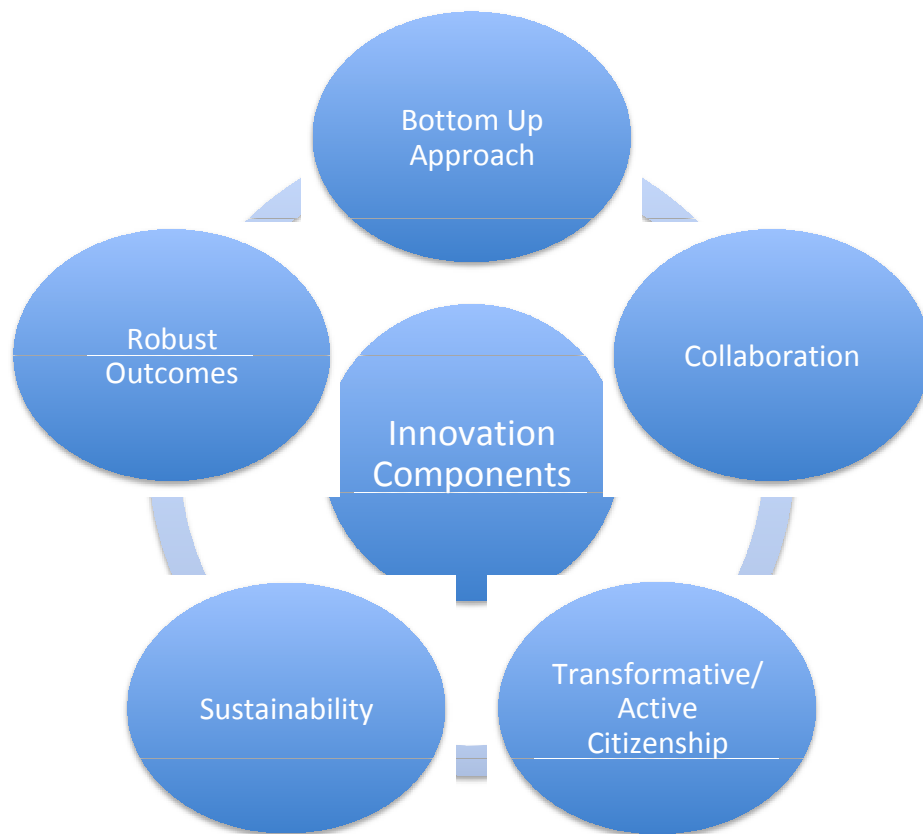
This section now proceeds to examine a cohort of 13 projects which were subjected to a more in-depth analysis, including 1:1 consultations with project leads. Further supportive evidence from the wider project survey is also provided where appropriate. The projects in the list were selected to contain a wide geographical spread, whilst also reflecting a range of organisational types:

LIF NO.	Ward	Project
1	Tyburn	Outreach & Engagement Project: Creation of a tailor made 'pop-up' outreach project to take advice, volunteer and library services to vulnerable individuals in a non-traditional way.
2	Sheldon	STAG 2: Introduction of a speed reduction programme across Sheldon roads by purchasing, erecting, monitoring and managing of speed warning signs and data collectors.
4	Edgbaston	Edging Forward Together: Creation of a community HUB in Edgbaston (Calthorpe) aimed at linking local organisations together, linked to developments at the Botanical Gardens.
6	Kingstanding	Raising Achievement in Kingstanding: Developing a social enterprise that enables young people to gain skills and vocational qualifications in horticultural services, used to offer a free gardening service for elderly and vulnerable residents.
19	South Yardley	Hobmoor Community Centre: Bringing together community assets into a central hub for well-being and community development, empowering them to reach into the community and become more effective in the delivery of core priorities.
23	Soho	Bringing People Together: A further development of Community Development Trust in Soho building on the previous Community Reach partnership. The aim is to deliver a range of activities to aid the stimulation of the local economy.
33	Lozells and East Handsworth	Destination Reach (Aspire) includes the provision of an outreach service to link residents in HMOs to training and employment opportunities. The service includes providing minibus for transporting the individuals to the various activities.
48	Handsworth Wood	HWCDT – Jobs and Skills: the development of a local Community Development Trust with a particular focus on developing activities to encourage local employment/training and well-being.
51	Selly Oak	SENSE: Creation of a sensory story-telling and reading service for children and families from the local community, complementing existing community services at the

LIF NO.	Ward	Project
		TouchBase Pears building and integrating disabled and non-disabled participants.
52	Shard End	Community Buddying: Development of a community buddying and sitting service within Shard End, including the formation of a Social Enterprise.
60	Washwood Heath	YESS: Provide skills and training for young people to aid them in accessing employment and education delivery via a consortium formed of 7 local groups.
64	Perry Barr	Preparation for Neighbourhood Plan by 3Bs Neighbourhood Forum
105	Weoley	Pickleball 35: introduction of the new sport of Pickleball into the area focussed on over 35s. Delivery of early years sporting activity in alliance with local early years' providers.

The intention of the analysis is to assess the extent to which LIF projects can be considered innovative, and a five stage criteria has been designed for this purpose. As demonstrated in the diagram overleaf, an innovatory project should be:

- ❖ Based on a strong bottom up approach;
- ❖ Have a clear collaborative approach to identification of need and delivery;
- ❖ Be transformative in purpose and/or promote active citizenship;
- ❖ Be able to demonstrate its potential for sustainability; and
- ❖ Have SMART outcomes such that successful innovation can be tangibly demonstrated.



Analysis on each of these components is provided below drawing case study examples from the 13 selected projects, bolstered by examples from the survey and document review as described above. In each section tables are provided that show an objective assessment of the extent to which this cohort of projects can be considered to meet each of the components, based on an analysis of the proposal and information/clarifications providing during the 1:1 interview. For clarity of presentation a five stage traffic light system has been utilised. Areas with a green/amber combination should not be considered to be of concern, but do not appear, from the available information, to be quite as strong compared to green status projects for each criteria.

❖ Bottom up Approach

LIF NO.	Ward	Assessment
1	Tyburn	Green
2	Sheldon	Green
4	Edgbaston	Green
6	Kingstanding	Green
19	South Yardley	Green
23	Soho	Green
33	Lozells & East Handsworth	Orange
48	Handsworth Wood	Green
51	Selly Oak	Green
52	Shard End	Green
60	Washwood Heath	Green
64	Perry Barr	Green
105	Weoley	Orange

The intention of LIF is to provide a focus for new style ward meetings and act therein as a catalyst for meaningful community engagement between residents, groups and organisations and Elected Members in their local leadership role. One would therefore expect good LIF projects to be able to show their focus is 'bottom up', i.e. that the rationale for the project stems from community identified local need and that work has been carried out by and with residents and grass roots organisations in the area to understand fully the characteristics of the issue and the dynamics of change required. In furtherance of this the project should then be able to demonstrate a strong collaborative and partnership approach, working with residents and local organisations to maximise the potential for sustainability and successful outcomes, thus linking together the core innovation components.

During consultations, a query was raised by a couple of respondents as to whether LIF, rather than funding community groups, had been "hijacked" by professional organisations with full-time bid writers with the knowledge of how to 'tick the right boxes'. They believed the marketing of the scheme as £2m available for local projects probably peaked the interest of some existent larger organisations. Whilst the projects that resulted from these organisations may well have met a local need the ethos of LIF may not have been completely realised:

"The £ multi-million charity have a professional sales bid writer who spend their time hunting down the little pots of cash that spring up. They knew the hot buttons to hit but it was not a community-generated project." (Elected Member)

The concern with such cases is not only the possible limitation of available funding to smaller groups, but also the potential for initiatives to be (and be seen as) doing 'to' communities rather than 'with.' Based on an examination of the

proposals the number of professional organisations is limited; but it is particularly crucial that where they have submitted proposals that they are able to demonstrate a transparent and thorough bottom up process to mitigate such concerns. There are two such organisations within the cohort of 13, namely SENSE and Aspire, though it should also be noted that the former proposal was very much community driven with SENSE fronting the community asset approach.

It is a positive to note that most of the cohort were able to evidence a strong approach to this element:

Examples

LIF 52 Shard End - This proposal identifies the need as the high volume of vulnerable adults socially isolated through an inability to leave their own homes. The extent of the issue was known based on two years of active listening events with different aspects of the community, recognising the value of a project which sought to support such vulnerable individuals by offering volunteer support and carer support networking.

LIF 2 Sheldon – As will be seen later, in most other aspects this project does not satisfy innovation criteria, but the issue of excessive speeding (and requests for Speedwatch) were documented as constantly arising in ward and neighbourhood meetings. It does not have the high level community engagement of some of the other best examples, but the issue does have a sound evidence base stemming from speed monitoring and technical analysis, as well as local community, Counsellors, Police and Highways feedback: “It is the number one concern in Sheldon.”

LIF 6 Kingstanding - This project is based on a fusion of identified community needs as well as a pilot exercise. Consultations had shown a high number of elderly residents who were struggling to maintain their gardens and experiencing an overarching sense of social isolation. Residents had also reported being threatened with eviction for their unkempt gardens. Meanwhile, a survey conducted by Kingstanding Regeneration Trust (KRT) with young residents revealed the fear of unemployability due a lack of work experience and vocational qualifications, with approximately 25% of 16-24 year olds in the area estimated to be not in education, employment or training (NEET). Engaging with residents and partner agencies through the Kingstanding Interagency Partnership and Local Delivery Group, the project was subsequently designed to train local NEET young people to provide a free gardening service for the elderly.

In relation to LIF 33 – Lozells and East Handsworth, this scheme was developed based on the organisation’s previous work, especially with residents from HMO properties. This analysis did include consulting with their Citizen Ambassadors, local residents who have been involved with their schemes who now act as a bridge to residents and as ambassadors for them, who stated that the need identified was real. However the scheme in itself was predominantly one which

had already been developed ahead of the LIF process; indeed it was described by one participant of the evaluation as “the wrong solution to the right problem.” LIF 105 – Weoley, links were made with a number of providers and potential clients in the area but these links were testing the ground for a planned scheme rather than developing and responding to an identified local need.

❖ Collaboration

LIF NO.	Ward	Assessment
1	Tyburn	
2	Sheldon	
4	Edgbaston	
6	Kingstanding	
19	South Yardley	
23	Soho	
33	Lozells & East Handsworth	
48	Handsworth Wood	
51	Selly Oak	
52	Shard End	
60	Washwood Heath	
64	Perry Barr	
105	Weoley	

As noted above, this is the second key element of an effective bottom up approach, with community groups and organisations working together to meet priorities. Collaboration across the cohort of projects is generally strong, as the table above demonstrates.

During the project survey, respondents were asked about the status of their partnership working. The majority indicated high levels of collaboration, with an average of 8.21. However, as the caption overleaf shows there was a wide range (1-10) with 2 LIF project leads actually rating their level of partnership working at below 3 out of 10, despite it being a fundamental aspect of the LIF approval process. By contrast half of the projects surveyed felt they were working ‘very well’ with other organisations (10 out of 10), and 20 out of the 24 respondents at 8 or above.

Q: How well is your project working in partnership with other organisations (scale 1-10)?

Average 8.21

Range 1-10

Examples

LIF 19 South Yardley – The Hobmoor Community Centre Hub provides a focal facility for the asset based development of ten different community organisations, mobilising them to extend provision and work cooperatively, and provide a positive range of activities and services to the local community. Specifically the LIF funding has enabled the centre to expand its network, notably provision on Oaklands Park. This has included delivery of affordable summer holiday arts and sports provision which has successfully transcended cultural boundaries, attracting 185 young people from 34 different schools, and representing 5,500 hours of physical activity.

LIF 60 – Washwood Heath, here a number of voluntary organisations, or social enterprises, were already in existence in the ward; many having similar aims and carrying out related work. They heard about the existence of LIF from a range of networks including from a Facebook page focussed on local issues and concerns. Following a ward meeting, where the scheme was formally announced and where the groups were present, these groups decided to come together as a consortium, and were encouraged to do so, as they could see that they had these complementary skills. Part of the rationale for this decision was to reduce competition between them but it was also due to recognition that the project could make more of an impact by working together.

As part of the process of developing the proposal all groups undertook research with their clients to establish local priorities and needs including undertaking with people using the local soup kitchen and utilising research undertaken from people leaving the local prison. A new social interest company has been formed to act as the umbrella organisation which will oversee the project as it gets established. The project lead stated that:

“LIF has enhanced partnership working and has brought 7 groups together for the first time.”

The partnership also has further plans to collaborate with local businesses both to identify potential placements for the client group but also to seek ongoing sponsorship support for the project.

It should be noted however that at the time of writing the COGA for this proposal had still not been returned. The final evaluation will need to examine closely how well the collaboration’s aspirations expressed here have translated into ongoing practice.

Worthy of note too as a positive example of collaboration outside of the thirteen selected project cohort is the Erdington Planters Greening Project (LIF 3) which engages NEET young people to plant and maintain trees, plants and foliage within Erdington Town Centre, with a view to progressing participants to further training and employment. The project has thus far demonstrated high levels of collaborative practice with local partners to recruit willing young trainees to be immediately engaged with, enabling the project to deliver rapidly and provide momentum. Moreover, it was particularly interesting to note a collaborative approach to problem solving when original plans proved unfeasible. Dealing with adversity can be the true test of the value of partnership working, as the following survey comment illustrates:

“The need to be flexible and find solutions to green the town centre has been challenging for both partners. Erdington High Street has been the victim of poor planning in previous decades which has created narrow pavements, a huge array of street furniture and a lack of parking spaces. This meant that initial plans for pop-up-planters could not be fully implemented due to a lack of space in an overcrowded environment. This has delayed work. However both partners have worked together to find an alternative solution by focusing on identifying including the green and pedestrianised areas, where new green spaces can be created that make a real impact and difference to the feel and perception of the town centre.”

Both LIF 23 – Soho and LIF 64 – Perry Barr are governed by forums; the former by a Community Development Trust (hereafter CDT) and the latter a neighbourhood forum. These groups, by their nature, are collaborative with a range of organisations and residents taking part, helping to shape their activities and delivering specific strands of work. A specific example (whilst symbolic) of collaborative working was provided by Bringing People Together whereby all meetings and forums are now held ‘in the round’ enabling practice to be shared more. They also are holding market place events whereby local people can interact with local businesses and organisations with the aim of sharing knowledge, and boosting involvement with their work.

In contrast, LIF 2 (Sheldon) does not represent a collaborative project, relying entirely on the capacity of two individuals to deliver without any associated community engagement framework. Partnership working is only present to the

extent that it is the intention of the scheme to provide data for statutory agencies. There is also a concern in relation to LIF 33 (Lozells and East Handsworth) which appears primarily to have a unilateral delivery focus (one organisation working to tackle a specific need) rather than being focused on working with, or empowering local people and groups. This is borne out by the following survey comment, where the emphasis is on information giving rather than a joined up approach:

“Aspire have arranged a stakeholders’ meeting to enable us to update them on all projects and Destination Reach.”

Whilst they did consult with their Citizen Ambassadors, and learning providers, in the design of their proposal this process was principally reported to be validating the need for the project as much as instigating views on unmet need in the area.

❖ Transformation/Active Citizenship

LIF NO.	Ward	Assessment
1	Tyburn	Green
2	Sheldon	Red
4	Edgbaston	Green
6	Kingstanding	Green
19	South Yardley	Green
23	Soho	Green
33	Lozells & East Handsworth	Green
48	Handsworth Wood	Green
51	Selly Oak	Green
52	Shard End	Green
60	Washwood Heath	Orange
64	Perry Barr	Green
105	Weoley	Orange

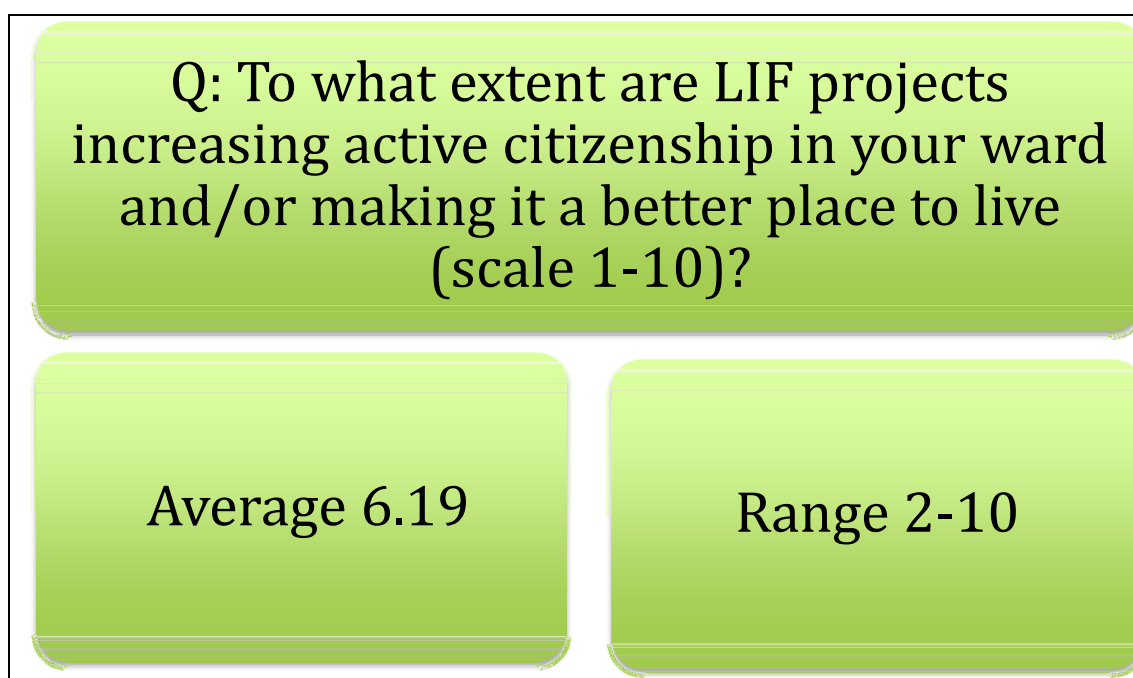
The analysis of proposals and consultations with projects/NDSU representatives reveals numerous projects which seek to transform local service delivery and promote active citizenship, including proposing a high social value return on investment through volunteering hours. Such proposals have truly embraced the purpose and scope of LIF, and are showcased within the good practice examples which follow. The table above also demonstrates that many of the projects selected for in depth analysis scored highly against this criterion.

However, if we consider community engagement as a spectrum, ranging from information giving (unilateral delivery) at one end, through to true collaboration and citizen empowerment at the other, it is also fair to state that there are numerous examples of approved LIF projects which are much more towards the bottom end of the spectrum:



Such projects were routinely RAG rated as amber or red by the NDSU team to support the scrutiny process, flagging concerns around suitability. As noted above they provide examples which are more ‘functional than visionary’ and more suited to the preceding Community Chest regime. There is an important distinction here. It is not the intention of this report to state that these projects are not worthwhile or do not purport to address important community concerns, but that their delivery framework and rationale was not innovative and therefore more suited to alternative funding regimes. Again examples of these projects are presented on p.34 below.

This dichotomy is well borne out by the Elected Member survey question contained in the caption below, with the average and 2-10 range showing that Local Councillors saw the potential for active citizenship stemming from their LIF approved projects as highly varied:



Due to the wide range of good practices demonstrated by LIF projects to date, the following examples are split thematically:

Examples

Community Hubs

Within the cohort there were clear examples of innovative hub approaches, designed to strengthen neighbourhood networking and capacity to deliver across community groups and local partner organisations. These include LIF 4

(Edgbaston), LIF 19 (South Yardley) and in part LIF 51 (Selly Oak). LIF 42 (Bartley Green) is a further example from outside of the sample.

LIF 4 – Edgbaston. The Calthorpe Estate in Edgbaston covers a wide geographical area, crossing into Harborne and Quinton Wards at its peripheries. It has a vibrant and well-established residents' association which is the primary driving force behind the hub proposal. The area is considered to be generally affluent, but does suffer from micro areas of deprivation. Its population profile is also in a state of flux, with new demographic groups moving into the area (including the expansion of University accommodation) which has, in particular, increased the levels of young people in the locality. The estate, however, lacks a traditional centre and therefore there is perceived to be a paucity of communication between existing residents and groups, and an increasing sense of social isolation. The proposal centres around the creation of a virtual hub, bringing together diverse sections of the community through enhanced communication (social media) and community activities. Also key to the model is the use of existing assets to maximise engagement and structure delivery such as the Botanical Gardens. The Quaker Meeting House has also been used to provide a community arts group and workshops, and is being developed into a community venue.

A further strength of this project is also its mix of innovation with a 'back to basics' approach to delivery, most notably around local problem solving. For example, due to the joining up of existing groups through the hub network, a common issue relating to community safety and the need for increased surveillance has been identified. This has been shared with statutory agencies and the local MP as a community concern, rather than just being the isolated reports of disparate residents.

Communities Stepping Up

There are numerous examples of active citizenship whereby community organisations are delivering projects, or managing assets, which complement existing public services such as environmental improvements, social care, jobs/skills and library services. As a sustainable legacy, many of the volunteers involved are developing skills (including qualifications) for their endeavours. There are also examples of projects that are utilising a time-banking approach, encouraging beneficiaries to give back voluntary hours in the future:

LIF 6 – Kingstanding. As noted above, this project works to deliver an environmental service for vulnerable adults, using unemployed young people as the delivery mechanism. They are provided with work experience and training which is supporting participants to gain entry level vocational qualifications that will enable them to work in the construction industry. The following case study was provided by the project lead, and provides a real demonstration of the significant impact upon the life trajectory of this individual:

X was approached by an Employment advisor during an outreach session at Perry Barr Job centre; he was in receipt of benefits and in a spiral of

unemployment. X did not enjoy school and held no formal qualifications. He was invited to attend an Expression of interest session whereby he decided to sign up for our LIF program. X stated he wanted to “do better with my life” and to “help people”. Initially X found it very difficult to be organised and punctual.

X lacked employability skills. Day one of work experience he did not attend until 11.30am. Upon his arrival he was sent home and advised that arriving three hours late on his first day of a new job would result in instant dismissal. Since the incident X's time keeping was impeccable. He was hardworking, organised and reliable. X began to understand the skills and healthy attitude required for sustainable employment. X flourished on site, stating he “loved everything about it”. He requested that we extend the Work experience time frame as the support he had received from Kingstanding Regeneration Trust has influenced his mind set and “makes me want to work.”

X has gone on to attend and qualify in three additional accreditations with Kingstanding Regeneration Trust. He is now applying for work within the Demolition industry. X now feels he has a focus and knows where he wants to go in life.

There is also a strong potential for replication associated with this project, for example by training young people to look after the City's parks and open spaces, thus supporting Local Authority provision and developing social responsibility.

LIF 1 – Tyburn. This pop up support service offers mobile provision for residents missing out on integral services (e.g. financial advice, health, employment and library services) due to physical disability or other vulnerabilities, providing a resource to complement the public sector and challenge social isolation. The primary delivery mechanism is through the recruitment and training of 20 volunteers from the community to run the service alongside partnership organisations. The purported social value return on the volunteer time investment (based at £10 per hour) is anticipated to be in excess of £31k:

“The creation of a team of active citizens cannot be highlighted too strongly. We at the TRA believe that our work and the impact we have made in our area is due to the fact that at the heart of our work is that it is managed, co-ordinated and assessed by local unpaid residents. This project will help train and develop a whole batch of local champions empowering them to make genuine change.”
(from proposal)

Indeed the consultation process revealed that one of the volunteers has subsequently been employed directly by the Castle Vale Tenants and Residents Alliance as a financial inclusion officer. The project lead commented that:

“She is now a different person who goes over and above. She had been unemployed for years but has so much determination, compassion and empathy crucial for our work. She will be an absolute role model.”

LIF 52 – Shard End. The project lead was keen to stress that their project is not just ‘another care agency’, but rather a programme to create social capital through a volunteer hub, training local people to act as community buddies for vulnerable residents in need of assistance and experiencing social isolation. The project is working towards the development of a social enterprise model which will help to fill the widening gap in provision associated with NHS and public service funding cuts. The social value return on investment, costed against the £11 an hour for a skilled carer support worker, is considered to be 21k per annum (in excess of the £19k LIF allocation).

There is also strong local collaboration with LIF 17 – Shard End, which is a community caretaking project, to offer low cost gardening and decorating services to those unable to maintain their own houses and boundaries. Similarly this has a strong volunteer emphasis:

“Using volunteers from the community who naturally want to help others in the garden/home. Most people would at the drop of a hat help a neighbour if they thought they were not able to mow a small lawn. It’s finding those people and getting them to give regular time to help someone in their community.”

Other projects worthy of note include the extension of library provision around jobs and skills at Witton Lodge Library (LIF 20 – Oscott), including a possible future asset transfer from Birmingham City Council; the community asset transfer of an outdoor gym on Laurel Road to a community organisation on a long lease (LIF 77 – Handsworth Wood), and LIF 44 Bournville (Community Matters) which is providing peer to peer support for small community and voluntary organisations. The encouraging element is the time banking ethos, should the project deliver as intended, which will see recipients becoming future volunteers offering future advice to the voluntary sector.

Health Interventions

Examples in this category are aimed at promoting healthy lifestyles to reduce the future burden on health care services. These include LIF 31 - Springfield (Healthy Village), LIF 7 - Kingstanding (Health and Wellbeing Navigators), LIF 48 – Handsworth Wood and LIF 5 - Kingstanding Food Community. In the last of these projects the Well Being Centre asset is being developed to showcase nutritional information and advice on conventional and complimentary medicines. This will be supported by an in house dining service run by a team of 32 volunteers and freelance cook, providing a seasonal menu tailored around available allotment produce.

Examples of projects which are more functional in orientation and lower on the community engagement spectrum include the following. It should be noted that in many of these cases there appears to be a reliance on capital costs and staff/worker funding as opposed to clear capacity building:

LIF 2 – Sheldon. Within the cohort this proposal showed the lowest level of community involvement, and does not appear to fit neatly with any of the specified LIF outcomes. The funding is also used to support capital expenditure and maintenance of speed monitoring equipment, rather than any sense of community development.

LIF 65 – Perry Barr. This provides capital funding for an outdoor gym in a local park, requiring ongoing funding for safety checks and equipment maintenance. This can be contrasted with the asset transfer model within the Laurel Road project above.

LIF 67 – Stechford and Yardley North. This project provides a small scale (£2.5k) Holiday Kitchen project providing meals and social activities for families with primary school children during the summer vacation who are normally entitled to free school meals. There is little doubt that it represents a worthwhile project with a focused need, but it is short-term in design and therefore lacking a longer term vision or sustainability:

“To repeat the project we will require staff costs for which we will need funding.”

LIF 71 – Acocks Green. The rationale of this project is to engage with young people (aged 11-18) to identify how they wish to use their leisure time, hence forming the basis of future funding applications. The mode of operation is to fund a youth worker (with support workers). Greater emphasis could have been placed on upskilling local residents, for example by the use of peer researchers, as a more engaging and community led project.

LIF 98 – Lozells and East Handsworth. This project purports to create “a sustainable network of community stakeholders working as a collective in the delivery of coordinated services across the ward.” Whilst it is ambitious in its aspirations, the project appears speculative in design (especially given the small level of funding requested at £2.5k), and lacking clear direction and purpose:

“The outcome is to get at least one collaborative project addressing one key theme affecting residents in their area.”

LIF 105 – Weoley. The organisation has put in place plans which could enable activities which are funded by LIF to be continued after the project life. These relate to a desire for Early Years providers to embed the schemes into their services, providing links to a local football club, and that those using Pickle Ball will be charged a modest amount to continue using it. However the potential for a small amount of resources to transform the well-being of the community is questionable. Whilst more local residents may take part in sport and exercise, including Pickle Ball, given the scale of the funding, the impact is likely to be limited.

❖ Sustainability

LIF NO.	Ward	Assessment
1	Tyburn	Green
2	Sheldon	Amber
4	Edgbaston	Amber
6	Kingstanding	Green
19	South Yardley	Amber
23	Soho	Green
33	Lozells & East Handsworth	Amber
48	Handsworth Wood	Amber
51	Selly Oak	Green
52	Shard End	Amber
60	Washwood Heath	Amber
64	Perry Barr	Green
105	Weoley	Amber

The table above shows the assessment of sustainability of the thirteen projects from the in-depth cohort. Ratings here are unsurprisingly lower than previous categories, partly given the difficulty of demonstrating sustainability and proving legacy value so early in the project delivery cycle. However it should be noted that even at this stage 8/13 projects have been given at least a green/amber rating; based on a coherent strategy to preserve activity through community capacity building and the development of social capital. LIF 2 Sheldon shows no real plan for sustainability beyond the lifespan of the equipment to be purchased, with reliance on two individuals for delivery. LIF 4 Edgbaston is currently rated amber; though the project is clearly working to network local community groups and volunteers within the virtual hub and therein develop capacity, there is an acknowledgment of the need to attract alternative funding going forward, coupled with some incoherence around the exact legacy beyond this:

“Beyond the networking and nurturing our legacy will be certain projects, possibly young people resources.”

The project survey reveals a general confidence in the sustainability of the approved initiatives, with an average rating of 8.46. Half of the respondents also rated the likelihood of long-term continuance at ‘very likely’ (10 out of 10):

Q: What is the likelihood of your project being continued after this period of funding?

Average 8.46

Range 5-10

Whilst it is very early in the project cycle to assess sustainability objectively, the ideal LIF project is one where there is a vision and coherent plan to leave a legacy which enhances social capital, embedding the skills and infrastructure through which delivery can be perpetuated. This represents true capacity building, and is not solely reliant on future funding applications (if at all). Analysis of existing LIF projects, both inside and outside of the in depth sample, reveal a good number of projects which do indeed seek to sustain in this way:

LIF 1 - Tyburn. The initiative is being preserved by the establishment of a trained team of volunteers, integrated into Castle Vale TRA. This team is able to sustain and develop the dynamic pop up delivery model, and therein act as community champions, sharing their learning in and outside of the organisation:

“LIF and our volunteers have magnified our understanding of the community and how to work in it. We have embedded that learning within the organisation and are stronger for it. We will continue to take the learning forward and change our own way of working for the better. Our organisation has transformed over the years and LIF has been fundamental to this.”

The stipulated output was the recruitment of a cohort of 20 volunteers, with the project on course to actually exceed this target within the LIF funding cycle.

LIF 6 - Kingstanding. The legacy of the gardening scheme will be the creation of a social enterprise which will continue to provide training and employment opportunities for NEET young residents. The project lead did acknowledge however during consultation that they have now stopped advertising because of over subscription, and whilst the model will continue into the next financial year, further funding would be required in order to maintain the high level of delivery. This includes a pipelined Big Lottery application to work with young people with mental health concerns.

LIF 23 - Soho. Bringing People Together itself has developed from a previous initiative, Community First. Their proposal also includes a plan for the CDT to develop into a Charitable Trust both as a way of delivering some of the planned new services but also to be able to access a wider portfolio of funding sources. An element of the project will be holding 'Market Place' events whereby local businesses, organisations and people can share their schemes and services with the hope of boosting uptake and sharing good practice.

LIF 51 - Selly Oak. This is a community driven asset based proposal which seeks to extend the range of community services available through the SENSE TouchBase Pears facility in Selly Oak (originally this was primarily intended to offer provision around SENSE's core activity of looking after deaf and blind adults and children). However, the centre has developed into a valuable community resource, providing a venue for a range of charitable organisations, community activities and library services. It operates as a social enterprise model, hiring out rooms and charging for activities which are subsequently reinvested, with the projection that the facility will become self-sustaining within three years. Neighbourhood planning has seen large developments of housing locally, increasing the percentage of young people in the locality. The LIF funding specifically is being used to provide an outreach service, aimed at increasing resident involvement in the centre, and integrating non-disabled and disabled children in 'sensory exploration' activities, complementing the services provided by Birmingham Libraries. Sustainability stems from the continued viability of the centre, and the integration of the outreach role into the existing SENSE staffing team in the long-term.

LIF 52 - Shard End. In a similar vein to the preceding examples in LIF 1 and LIF 6, this initiative is seeking to increase the capacity of local residents to support vulnerable adults by training 20 volunteers to act as community buddies. At the time of writing 9 had already been trained, leaving the project on course to meet this output. The project is working towards turning the volunteer resource into a social enterprise. To ensure sustainability there is an intention of charging for the sit in service in the future (this will be at a level considerably lower than the regular £24 an hour professional rate) and would be reinvested into the enterprise model.

LIF 64 - Perry Barr. 3Bs will be using the LIF funding to help develop their neighbourhood plan which is required as part of the Neighbourhood Planning processes from the Localism Act. This plan in itself should act as a catalyst to identify future development options and activities including those relating to the Commonwealth Games which will take place in the local area. Inherent to the process is the need to gain community involvement in the development and acceptance of the neighbourhood plan and indeed the proposal comes from an existent neighbourhood forum in the area.

LIF 70 Billesley. This proposal seeks to establish a Participatory Community Trust for the Billesley & Highters Heath Ward. Part of the grant is being used to set up the Development Group in terms of managing and organizing the project. Membership is being drawn from the Billesley & Highters Heath Community and local service providers. The Development Group aims to work with all local organisations and groups to establish a community fundraising vehicle for the Billesley & Highters Heath Ward. It is intended that the rest of the allocation is to be used as social capital to support local projects and up skill the community. This will make it easier for the community to start new projects and subsequently increase the capacity for people to make collective decisions as a community.

LIF 110 Sutton Trinity. This project establishes a community intergenerational play café inside Sutton Coldfield Library. The strength of the proposal relies around infrastructure development, with the creation of a charity (FOLIO) and community interest company. The LIF funding is acting as seed funding that will establish the project, and lead to the generation of ongoing income for FOLIO to sustain the café moving forwards.


On the opposite end of the spectrum are LIF projects which were either very short-term and unlikely to be replicated without further funding (e.g. LIF 67 – Stechford and Yardley North, see p.35 above), or lack a clear resource for sustainability. The following comments demonstrate this issue:

“I am seeking other sources of funds...to continue this project.”

“We hope the completed report will form the basis of additional applications to Trusts and other funding bodies to attract larger amounts of funding into the Ward.”

“Statistics will be gathered and the initial success will indicate extension of the project. If extended then further funding will be required. We intend to apply to various funding streams to sustain the project long term.”

❖ Outcomes

LIF NO.	Ward	Assessment
1	Tyburn	
2	Sheldon	
4	Edgbaston	
6	Kingstanding	
19	South Yardley	
23	Soho	
33	Lozells & East Handsworth	
48	Handsworth Wood	
51	Selly Oak	
52	Shard End	
60	Washwood Heath	
64	Perry Barr	
105	Weoley	

As part of the in-depth assessment, stipulated project outcomes were examined for suitability. This is the area where we believe that most proposals could have been developed further, hence the broad amber flagging in the table which follows. There needs to a robust way of proving longer-term impact through outcomes, embedding sense-checking through the process (though admittedly this can be difficult to articulate for a transformative visionary project).

In a high number of proposals there is a confusion between outputs and outcomes. Outputs are intrinsic in nature and important for monitoring progress, demonstrating that a project is delivering to beneficiaries as intended, but they are not a real extrinsic measure of longer-term social impact. Examples from the proposals, which are described as key outcomes, include the following:

“The number of people given advice and guidance = 350.”

“50 children and families will attend the Sensing Stories sessions.”

“20 volunteers will be recruited.”

“The number of people who are isolated and have accessed the support service – 500”

These are fundamentally output measures. If met, they demonstrate that a project is delivering as intended, but they do not in themselves articulate the change or sense of development which is being brought to the local area by their successful completion.

The clearest proposal in terms of outcomes from the thirteen examined in more depth was LIF 6 Kingstanding. This presents a robust combination of ‘building

block' outputs, outcomes and (crucially) plausible methods by which to assess the outcomes. It could have been enhanced further by adding target measures to the outcomes, enabling the project a way of demonstrating the extent of change (and indeed to show that outcomes have been exceeded). As further examples both LIF 60 - Washwood Heath, and LIF 23 – Soho, have developed clear ideas on how to ascertain the impact of their LIF funding. In the case of LIF 60, these include plans to assess, from their client monitoring, progress made and change that has occurred with the young people which they work. Once again, however, there is no clear articulation through specific targets as to how these will be seen as being achieved:

LIF 6 – Kingstanding (proposal extract)

We will deliver the following outputs that will be measured by monthly monitoring of the service.

30 young people NEET will complete a 3 week work focused training programme.

30 young people NEET will achieve 4 construction industry entry level vocational qualifications.

20 young people NEET will enter full time employment within 6 weeks of completing the training programme.

10 young people NEET will progress to further training, education or part-time employment within six weeks of completing the training programme.

80 elderly or vulnerable residents will benefit from having received a free gardening maintenance service.

60 gardens belonging to elderly or vulnerable residents will be improved.

80 elderly or vulnerable residents will receive additional sign posting advice and professional support to help them to maintain their independence and wellbeing.

10 residents will receive training and learn new skills to enable them to volunteer on the project.

We also aim to achieve the following longer term outcomes that we will monitor through one to one interviews, resident surveys, our user group and focus groups.

Young people NEET gain accredited vocational qualifications and transferable skills enhancing their chances of gaining employment.

Young people NEET achieve improved emotional wellbeing and resilience, enabling them to focus on gaining qualification and entering and staying in employment.

Young People NEET enter work, further education or training enhancing long-term employability and improving their quality of life.

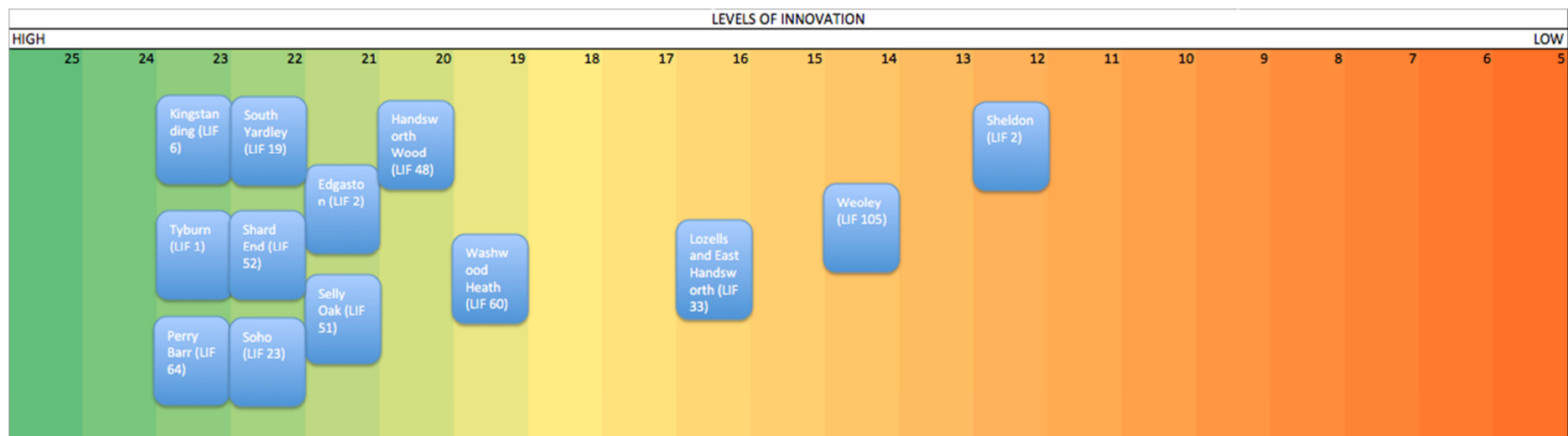
Elderly and vulnerable residents are supported to engage with the wider community and support networks enabling them to improve and maintain their independence and physical and emotional well-being.

Residents gain new skills and work experience through volunteering opportunities enhancing their employability skills.

Residents and young people gain a sense of community pride and ownership and experience better community cohesion through inter-generational working that has a positive community impact.

Summary

Overleaf is a summary chart showing the thirteen projects examined in-depth on a scale of innovation based on the preceding assessment sections. This chart has been designed to display a composite analysis of the projects:



Section 6 – Key Findings

Provided in this section are a number of key findings based on the preceding analysis in the earlier sections. These findings are designed to highlight areas of interest from the analysis. They can be used by local decision-makers to help shape both the continuing implementation of LIF as well as the development of any future innovation and locally based programmes.

Outcomes

As was seen in the analysis a significant area of LIF where proposals were less advanced is in relation to the setting of appropriate outcome measures and targets. It is recognised that this is not a straightforward process in relation to community engagement and innovation projects. However the vast majority of the projects that were assessed in this interim evaluation did not have sufficient measures that would enable social change to be assessed, and highlight real achievements made. Many projects included outputs as outcomes and/or did not include any robust method by which stated outcomes could be measured. This points to a need for more advice and assistance being provided to the NDSU, Elected Members and projects on this issue. In the ongoing development of the projects funded under LIF this could involve the sharing of better practice examples such as seen in LIF 6 - Kingstanding.

For the future, consideration could be given to the use of Social Return on Investment measures. The use of these principles and measures are more suitable for schemes of this nature than more traditional ones such as, for example, percentage reduction in crime.

Furthermore consideration also could be given, when assessing the suitability of projects in an innovation/transformation scheme such as this, to the use of a project assessment model such as the five component model used in this report. These five components (based on a strong bottom up approach, have a clear collaborative approach to identification of need and delivery, be transformative in purpose and/or promote active citizenship, be able to demonstrate its potential for sustainability and have SMART outcomes such that successful innovation can be tangibly demonstrated), if used to assess and monitor proposals, would highlight areas of concern which then could be developed further by the project. In addition such a model could be used by projects themselves as a self-assessment process throughout its life as a way of capturing areas of improvement, lessons learnt and achievement. The Social Accounting and Audit method of judging progress made is a further potential tool which could be used in this regard.

Ward Plans

In many cases the LIF proposals were compiled without an up-to-date ward plan having been produced. This was, in hindsight, a missed opportunity to create synergy between the projects as a delivery method responding to local issues and need. Not least this meant that more effort was required from local

Councillors in establishing need and local issues in a structured manner. Yet many areas clearly failed to engage with the empirical data and profiling (provided by the NDSU) and fell short in developing robust planning processes.

As new wards are introduced in 2018 consideration should be given to developing these ward plans promptly, drawing on existent local plans such as those drawn up for neighbourhood planning purposes, so that any future schemes can be based soundly on local issues and concerns. Consultation activity could then be based upon gaining local involvement in the design of activities and interventions.

External Scrutiny

A key element of LIF was the external scrutiny of each proposal that was provided both by the NDSU and the Local Leadership Cabinet Committee. Such scrutiny both has the purpose of fine-tuning and amending proposals as well as providing the final accountability measure in the spending of public money. Whilst not all ward Councillors were fully supportive of this scrutiny many participants welcomed this element of the programme.

Particularly with the introduction of single member wards this external scrutiny of any similar schemes should be continued both to improve project design but also as a critical accountability safeguard.

Role of NDSU

The NDSU has played a pivotal role in the creation and administration of LIF, and should remain a central component of any future place-based funding streams. Project leads often articulated the valuable support they had received from the team in developing and submitting proposals. It is also clear that, at times, the NDSU officers have had to be extremely proactive to ensure that LIF ward meetings and the project identification process has been fully transparent and democratic. Their role in helping groups to identify alternative funding sources for projects not suitable for LIF is also worthy of note. The NDSU helps to provide an effective support structure for neighbourhood development, local democracy, priority setting, monitoring of existing grant funding and ward level governance; a role that will become even more crucial following the reduction of the number of Elected Members.

It was apparent on a number of occasions that respondents had a beneficial relationship with the individual NDSU support officer, but little awareness of the existence and function of the NDSU as an entity. The identity of the NDSU is an issue which certainly needs to be addressed, and the team is currently undertaking steps to raise its profile

Provision of Support and Guidance

As with any new scheme or way of working there will be an element of learning that will occur 'on the job' especially where the scheme itself is trying to

encourage place-based innovation. A variety of guidance documents and workshops were held at the outset which were designed to assist Councillors with their role and provide information for potential groups and organisations. However comments were made that more practical worked examples of what was meant by innovation and 'how to' guides such as on assessing need and setting targets would have been appreciated even if the examples were fictitious. Such support also is likely to have been beneficial for projects. Explaining more clearly exactly what was meant by place-based innovation, collaboration and sustainability, for example, may have been aided with such worked illustrations. However, there is an inherent risk that examples could be simply copied or modified in some areas, stunting creativity and local assessment of real needs. On balance, the number of extra examples should therefore be limited.

Process Issues

Many participants commented that the process used by LIF, including the proposal form, was relatively straightforward and self-explanatory especially when compared to other funding streams. However a variety of people raised concerns principally relating to the time taken to develop and approve projects, the multiple provision of information and that some contract documents and procedures were overly onerous. Clearly due process has to be followed when public money is being allocated and spent. It is not unreasonable that voluntary organisations receiving public funds should be expected to attain a minimum set of standards and 'professionalism'. However further consideration could be given to ensure that the demands on small, often voluntary, organisations and groups (many of whom will not have accessed such funds before) are not off-putting. As far as is possible the time taken to approve projects should be reduced or at least a realistic timetable provided to projects reducing anxiety and maintaining enthusiasm. It is recognised in this instance that some events outside of the control of the City Council, for example the General Election, did mitigate against this.

Sharing of Emerging Practice

As was demonstrated in the previous section there are many examples emerging from the funded projects of innovation and good practice. These can be drawn from each of the five innovation components used in the project assessment framework. They are also drawn from across the city and represent very different project types. The sharing of these specific examples are likely to be of value to similar projects.

It was reported in the process of undertaking the evaluation that plans were in place to bring projects and Elected Members together to share this good practice, to discuss lessons learnt and to build up networking opportunities. These events should be encouraged as again they are likely to be of benefit for the ongoing implementation of LIF but also to be of value for future work. These should be in addition to regular ward fora monitoring of their projects as the local accountable body.

Models of Funding and Scheme Design

Much analysis and reflection has been undertaken on the model of funding utilised by LIF, in particular the equal distribution of resource across wards. A range of disparate views were provided, both in support of the model and also offering possible ways in which it could have been designed differently. Consideration could be given in future to incorporating some of these elements, especially the retention of a centralised pot to facilitate citywide capacity building and drive transformative collaborative work beyond administrative boundaries. This would include designing processes to make collaboration between wards which share issues and priorities more straightforward.

In addition the historical legacy of the Community Chest did clearly impact on the way in which LIF was received and delivered, including the types and scale of projects that were developed. In an ideal world there is place for both a discretionary fund to support one-off local activities and priorities, and a more transformative scheme to try and develop new ways of working whilst addressing local need. Such a model was originally proposed by the NDSU team when LIF was being created. However, with resources limited the funding of more functional and small scale activities as explored earlier through LIF is questionable. If a future scheme is instigated with the aim of being transformational, consideration could be given to having a minimum level of funding unless there are exceptional circumstances which are clearly articulated.

Next Steps

Learning from this interim evaluation has already been taken on board by the NDSU and is being put into action. This includes arranging two networking events in the near future, allowing all project representatives to meet and share their own experiences and good practice to date, as well as findings from the evaluation. It is also important that this report is considered to be a snapshot, and that a final evaluation is conducted over the next year, particularly with regard to assessing project impact against outcomes and sustainability.

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Cabinet Committee – Local Leadership
Report of:	STRATEGIC DIRECTOR PLACE AND LEADER
Date of Decision:	20 September 2016
SUBJECT:	ESTABLISHMENT OF THE LOCAL INNOVATION FUND
Key Decision: No	Relevant Forward Plan Ref: N/A
If not in the Forward Plan: (please "X" box)	Chief Executive approved <input type="checkbox"/> O&S Chairman approved <input type="checkbox"/>
Relevant Cabinet Member(s) or Relevant District Committee Chair:	ALL
Relevant O&S Chairman:	Cllr Aikhlaq, Chair of Corporate Resources and Governance O&S Committee
Wards affected:	ALL

1. Purpose of report:
<p>1.1. To outline the methodology and criteria for the use of the Local Innovation Fund as outlined in Appendices 1 and 2.</p> <p>1.2. To outline the governance and decision making arrangements for the programme linked to the emerging model for local leadership.as outlined in Appendices 2 and 3.</p> <p>1.3. That the budget available for spend on LIF projects will be £2m per annum.</p>

2. Decisions recommended:
<p>That the Cabinet Committee:</p> <p>2.1 Approve the methodology and criteria for the Local Innovation Fund.</p> <p>2.2 Approve the governance and decision making process for the programme.</p> <p>2.3 Approve the budget allocation of £2M per annum with the caveat that there may be a review on all spending in 2018.</p>

Lead Contact Officer(s):	<p>Karen Cheney Lead Officer – Community Governance and Support Neighbourhood and Communities Division Tel 0121 675 8519</p> <p>Chris Jordan Head of Service Integration Neighbourhoods & Communities Division Tel: 0121 303 6674</p>
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3.	Consultation
3.1	<p><u>Internal</u></p> <p>The proposals set out in this report have been presented to the Leader, Assistant Leaders and all 3 Political Party Groups.</p>
3.2	<p><u>External</u></p> <p>The original ideas about a Local Innovation Fund were discussed at a Future Council joint internal and external stakeholders meeting in October 2015.</p>
4.	Compliance Issues:
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The recommendations are fully consistent with the Council's policies.</p> <p>The Business Plan and Budget adopted by Full Council in March 2016 committed the Council to "to develop a new approach to devolution within the city, with a focus on empowering people and giving them influence over local services". The work of the Cabinet Committee will take forward the next stage of an evolutionary process which began in 2015/16 with initial changes to the role of districts and the creation of Sutton Coldfield Town Council. This stage will conclude in 2018 with the switch to all out elections and new ward boundaries.</p>
4.2	<p><u>Financial Implications</u></p> <p>The Business Plan and Budget 2016+ that was agreed by City Council on 1 March 2016 approved an annual budget of £2M on an ongoing basis from 2016/7 to fund the Local Innovation Fund. The Cabinet Committee – Local Leadership will be presented with regular financial performance reports on the progress of expenditure. The Report has been agreed by Finance.</p>
4.3	<p><u>Legal Implications</u></p> <p>The Cabinet Committee will operate within the provisions of the Local Government Act 2000, which gives the Executive the power to appoint committees for the exercise of defined responsibilities and functions and in accordance with Article 5(d) of the City Council's Constitution. The role of the Committee and of the Assistant Leaders is also outlined in Part B of the City Council's Constitution. The constitutional changes referred to in Part B of the Constitution have been approved by Full Council. Report cleared by Legal Services.</p>
4.4	<p><u>Public Sector Equality Duty</u></p> <p>Policies developed by the Committee will be subject to the public sector Equality Duty and impact assessments will be carried out as appropriate. A screening assessment has indicated no issues.</p>

5. Relevant background/chronology of key events:

5.1

- Use of the Local Innovation Fund (LIF) seeks to invest in transformative local innovation by introducing a radical new approach of investing in neighbourhoods using an asset based approach and supporting and strengthening local social capital that enables different people to do different things in different ways to make better places to live rather than the continuation of a one – off grants based approach.
- The emphasis is on local rather than service prioritising “Every Place Matters” and a “Better Deal for Neighbourhoods”.
- LIF will link into the City’s overriding priorities but will also have the emphasis on strengthening communities and supporting active citizenship i.e. communities stepping up to the challenge.
- It is also the intention to keep the process as simple as possible with as little red tape and bureaucracy as possible.
- It is a ward based locally led initiative through collaborative community partnerships at the ward meeting level with local councillors facilitating the process as part of their local leadership role (Guidance has been produced to assist local councillors – Appendix 4).
- The proposal for a Local Innovation Fund was originally referenced in the new arrangements to the Constitution – District and Ward Responsibilities in May 2015 and linked with the Evolution of Devolution Discussion papers –as part of the Future Council Local Leadership Board 2015-16.
- A very early preliminary Joint internal and external stakeholders LIF workshop was held in October 2015 to help shape the Framework for the new fund.
- A Draft Options Paper for the use of LIF was written and presented at the Future Council Local Leadership Board in March 2016 following discussions with key stakeholders including Members, Officers and Community Groups.
- Discussions also took place at the inaugural Cabinet Committee – Local Leadership and with the newly appointed Assistant Leaders – July 2016.
- Presentations have been made to all 3 Political Party Groups outlining LIF and the core criteria and guidance by Assistant Leaders –Aug 2016.
- Final Core Criteria and Guidance, Diagram and Application Form have been produced (as per appendices 1-4).
- The Community Governance and Support Team will support and administer the process and its future development and income maximisation. A small amount of LIF money, (£80K per annum) has been set aside for this purpose.
- It is intended that once proposals are developed and proposal forms completed they will be brought back to the Cabinet Committee – Local Leadership on a monthly basis for approval.
- Several Member Development sessions on LIF are currently being organised for October 2016 to assist with any queries and support the development of innovative proposals.

6. Evaluation of alternative option(s):

- 6.1 Other options for taking forward LIF have been discussed but it was finally politically decided that it was most important that it was given a Ward focus with the emphasis on a “Better Deal for Neighbourhoods” and “Every Place Matters” .

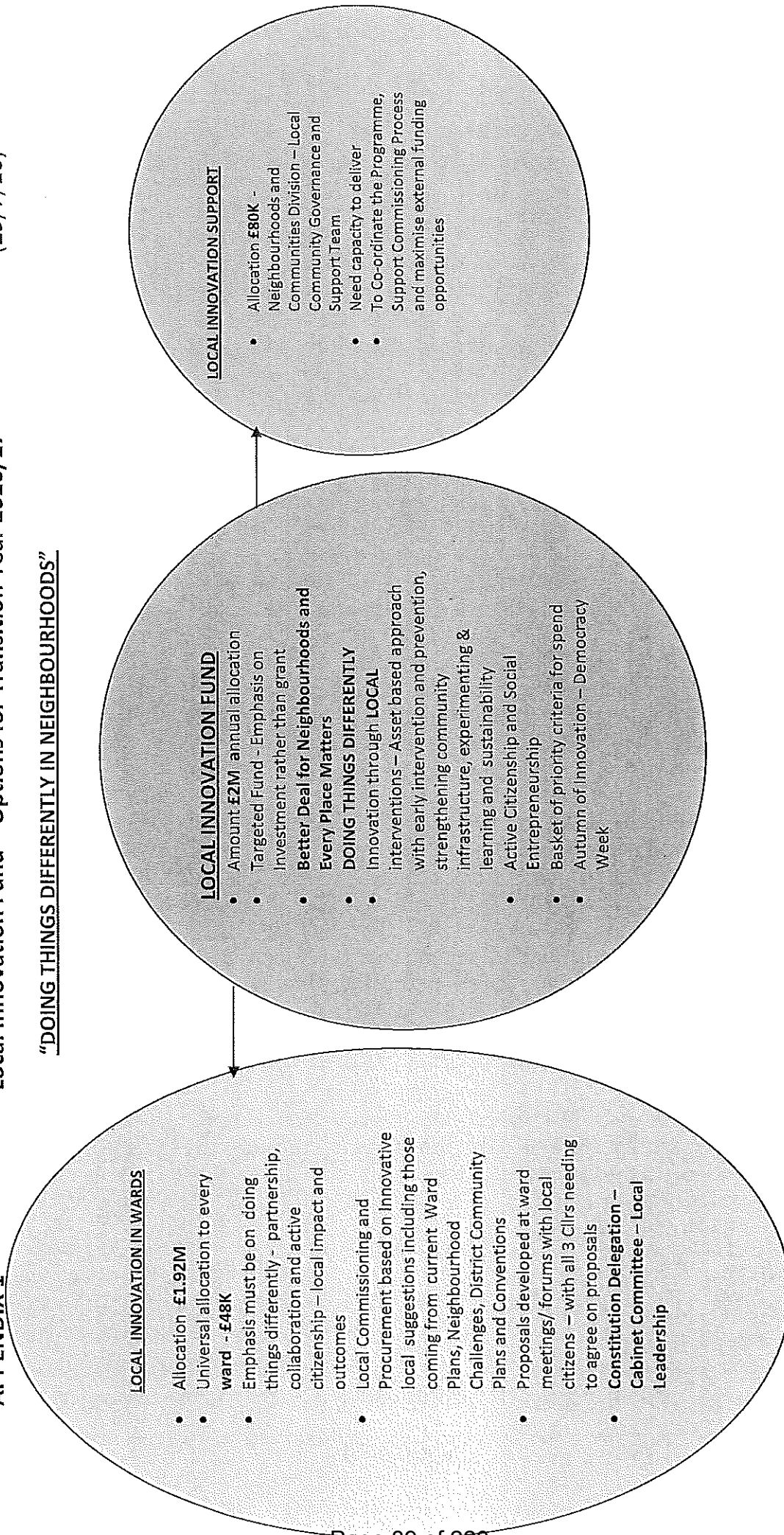
7. Reasons for Decision(s):
7.1 To put into effect the Local Innovation Fund as <ul style="list-style-type: none"> • part of a clear strategic approach to investing at a neighbourhood level • To assist in the development of strong and sustainable social capital • Act as a catalyst to encourage and stimulate local innovative asset based approaches • Agree arrangements for supporting the process

Signatures	<u>Date</u>
John Clancy Council Leader
Jacqui Kennedy Acting Strategic Director - Place

List of Background Documents used to compile this Report:
<ul style="list-style-type: none"> • From Civic to Civil Discussion Paper – Highbury Conference 2015 • Social Innovation Zones Discussion Paper – SU4B Summer 2015 • Notes from Stakeholder Workshop October 2015 • Options for the Use of the Local Innovation Fund 2016/17 Discussion Paper –March 2016 – (written as part of the Future Council – Local Leadership Board) <p>(All background documents and discussion papers are readily available on request)</p> <p>Appendices</p> <ul style="list-style-type: none"> • Appendix 1 – Diagram to show Local Innovation Background and Resource allocation • Appendix 2 – Core Criteria and Guidance • Appendix 3 –Proposal Form • Appendix 4 - Guidance on Good Practice Ideas

Report Version		Dated	
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“DOING THINGS DIFFERENTLY IN NEIGHBOURHOODS”



MUSTS

1. Improving collaboration is a key aim of the Fund. Therefore ward councillors **MUST** work with residents and known constituted community groups to prepare proposals.
2. Key Priorities of Every Place Matters and Better Deal for Neighbourhoods with emphasis on local innovation – doing things differently from an asset based approach i.e. enabling different people to do different things in different ways to make better places to live.
3. Local Innovation Fund must be used with a local neighbourhood take on at least one of the overarching council vision themes and priorities as well as must meeting the LIF basket of priorities below.
4. Overarching **Council Vision** - *to be updated with new council vision statement when received*

For LIF this vision means we will prioritise a **Better Deal for Neighbourhoods** and **Every Place Matters** along with strengthening communities with 4 additional priorities

- Supporting **citizens' independence and well-being**
- **New approaches to investment** e.g. time banking, different ways of managing public assets
- Supporting **Active Citizenship** and communities stepping up to the challenge and encourage and stimulate innovative asset based approaches in neighbourhoods
- **Clean Streets**
- **Improving local centres**

Adding value to the overriding city wide priorities

- Children
 - Jobs and Skills
 - Housing
 - Health
5. These priorities and innovative ways forward may already be outlined in Neighbourhood Challenges, Community Plans, Ward Plans and local needs profiles and are ready to go.
 6. It is vital that local ward councillors continue to develop their local leadership role and that ward meetings / forums are used for talking and listening with local citizens and community groups in developing collaborative local proposals of innovation for action.
 7. LIF is to invest and experiment in new, innovative and catalytic approaches at the local level – LIF is not a replacement for lost revenue budgets or core funding.
 8. Accountability – Discussions with active citizens and community groups at Ward Meetings with all 3 Ward Councillors needing to be engaged in the process and agree to the proposals taken forward to Cabinet Committee – Local Leadership for approval.

BIRMINGHAM CITY COUNCIL LOCAL INNOVATION FUND "Doing things differently in neighbourhoods to make better places to live" PROPOSAL FORM													
WARD	INNOVATION TITLE												
<p>Innovations have to meet the LIF priorities and add value to the City wide core priorities listed below. (Tick all those that apply)</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; width: 50%;"><u>City Core Priorities</u></th> <th style="text-align: left; width: 50%;"><u>LIF Priorities</u></th> </tr> </thead> <tbody> <tr> <td>• Children - a Great City to Grow Up In <input style="float: right;" type="checkbox"/></td> <td>• Citizens' Independence & Well Being <input style="float: right;" type="checkbox"/></td> </tr> <tr> <td>• Jobs & Skills <input style="float: right;" type="checkbox"/></td> <td>• New approaches to investment <input style="float: right;" type="checkbox"/></td> </tr> <tr> <td>• Housing for Birmingham <input style="float: right;" type="checkbox"/></td> <td>• Active citizens & communities stepping up <input style="float: right;" type="checkbox"/></td> </tr> <tr> <td>• Health <input style="float: right;" type="checkbox"/></td> <td>• Clean streets <input style="float: right;" type="checkbox"/></td> </tr> <tr> <td></td> <td>• Improving local centres <input style="float: right;" type="checkbox"/></td> </tr> </tbody> </table>		<u>City Core Priorities</u>	<u>LIF Priorities</u>	• Children - a Great City to Grow Up In <input style="float: right;" type="checkbox"/>	• Citizens' Independence & Well Being <input style="float: right;" type="checkbox"/>	• Jobs & Skills <input style="float: right;" type="checkbox"/>	• New approaches to investment <input style="float: right;" type="checkbox"/>	• Housing for Birmingham <input style="float: right;" type="checkbox"/>	• Active citizens & communities stepping up <input style="float: right;" type="checkbox"/>	• Health <input style="float: right;" type="checkbox"/>	• Clean streets <input style="float: right;" type="checkbox"/>		• Improving local centres <input style="float: right;" type="checkbox"/>
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	• Improving local centres <input style="float: right;" type="checkbox"/>												
<p>What is your innovative idea and how does it show collaborative, partnership working and active citizenship?</p>													
<p>Time Frame – is it:-</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 80%;">One off event/programme</td> <td style="width: 20%; text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Implement and complete within 6 months (2016)</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Implement and complete within 12 months (2017)</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>		One off event/programme	<input type="checkbox"/>	Implement and complete within 6 months (2016)	<input type="checkbox"/>	Implement and complete within 12 months (2017)	<input type="checkbox"/>						
One off event/programme	<input type="checkbox"/>												
Implement and complete within 6 months (2016)	<input type="checkbox"/>												
Implement and complete within 12 months (2017)	<input type="checkbox"/>												

How will the innovation be implemented?

What outcomes will the proposal achieve? What will success look like and how will its impact be measured? How will you ensure legacy/ continuation and what learning will the project provide?

Have you considered other sources of funding and whether the project can be used to leverage further funding from elsewhere (please specify funding sources)?

What resources will be required?

- Capital
- Running costs
- People power volunteers

£

Amount required from LIF £.....

Have you got any match funding – in cash or in kind?

Contact person for proposal

Name

Telephone

E-mail

Which residents or community groups was the proposal discussed with and when (please give details of any meetings and which councillors attended)?

Discussed at

Ward meeting

Date

Signatures of all 3 Ward Councillors

Name Signature Date

Name Signature Date

Name Signature Date

Internal use only

Received: Date

Go to Cabinet Committee – Local Leadership for decision: Date

Approved

Yes	
No	

Local Innovation Fund – Guidance on Good Practice examples for spend

GOOD INNOVATION – WHAT WORKS AND WILL BE SUPPORTED

The LIF is about partnership working – encouraging groups to come together to test out new ways of doing things, It is about moving away from dependency and having less reliance on the City Council. It is about action.

- Development of local community planning – community audits, surveys, mapping to improve outcomes and actions, e.g. supporting community led regeneration
- Investment in community enterprise - community hubs and community networks, local markets, food assemblies and BID development
- Pop up community learning workshops ,peer to peer support initiatives, knowledge and skills exchange
- Support community ownership and management of assets such as Community Asset Transfer
- Support communities and agencies to come together to develop Neighbourhood Companies, Co-operatives or other forms of community enterprise
- Action to remove red tape e.g. local charters or break down barriers e.g. meet service provider days
- Identifying and supporting specific neighbourhoods where innovation by community groups will be encouraged
- Strengthening Communities – capacity building, peer to peer mentoring, skilling up local residents, learning
- Match funding with other appropriate local funds i.e. Police – Active Citizens and Community Safety – Mobilising Communities and cross ward proposals
- New forms of community led engagement and involvement, particularly enabling young people to address the challenges they face.
- New ways to allocate resources e.g. Real time community change, participatory budgeting, time-banking,
- Community led initiatives – support to active citizens and groups doing it for themselves Street Champions, Street Associations etc.
- Links to District Community Challenges

MAY BE WANTED AND USEFUL BUT DOES NOT MEET CRITERIA FOR LIF FUNDING

(Generally more emphasis on equipment and doing to rather than with)

- One-off equipment e.g. CCTV, Gating, Lamp posts, Hanging baskets, Christmas lights
- One –off events (unless linked to supporting new neighbourhood led networks)
- On-going costs
- Contracted Staffing
- Commissioning Reports
- Monies used to replace lost revenue budgets or core funding

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	Audit Committee
Report of:	Assistant Director, Audit & Risk Management
Date of Meeting:	20th November 2018
Subject:	Corporate Risk Register Update
Wards Affected:	All
1. Purpose of Report	
<p>To update the Audit Committee with information on the management of risks and issues within the Corporate Risk Register (CRR) at Appendix A. Also provided is an Index of the risks showing previous updates and a Risk Heat Map. The information has been compiled using updates received from directorates on all risks on a monthly basis.</p>	
2. Recommendations	
<p>That the Audit Committee reviews the information provided and decide if the risk ratings are reasonable, if action being taken is effective, or if further explanation/information is required. Approval is sought for the following:-</p>	
2.1 All risks have been subject to review and update.	
2.2 The deletion of risk No 35 on GDPR implementation by May 2018 . Risks around information assurance have been captured within Risk No.11 which has been revised.	
2.3 No new risks have been nominated.	
3. Background Information	
3.1 Members have a key role within the risk management and internal control processes.	
3.2 The Audit Committee terms of reference, sets out its responsibilities and in relation to risk management these are:	
<ul style="list-style-type: none">• providing independent assurance to the Council on the effectiveness of the risk management framework and the associated control	

environment,

- whether there is an appropriate culture of risk management and related control throughout the Council,
- to review and advise the Executive on the embedding and maintenance of an effective system of corporate governance including internal control and risk management; and
- to give an assurance to the Council that there is a sufficient and systematic review of the corporate governance, internal control and risk management arrangements within the Council.

4. Corporate Risk Register Update

- 4.1 The CRR is aligned to the corporate objectives of the Council and identifies the key risks to be managed at a corporate level.
- 4.3 The Council Management Team (CMT) and the Deputy Leader now review the CRR on a monthly basis to strengthen oversight arrangements and have agreed to the above changes.

5. Embedding Risk Management

- 5.1 There are directorate risk registers in place supported by individual risk registers for service areas. Monthly updates are facilitated through the Directorate Risk Representatives.
- 5.2 The current main route to provide risk management awareness is the e-learning package for managers, accessed via the internet and the risk management Policy, Strategy and Methodology. All documents and web pages are currently being refreshed.
- 5.3 Service managers are asked about their risk management arrangements as part of routine audit work. In addition the mandatory Public Sector Internal Audit Standards include a requirement with regard to risk management.
- 5.4 Risk management is also covered within the Annual Governance Statement.
- 5.5 To support the above arrangements the risk register format is being simplified so it is more action focused. Audit are also attending Directorate Management meetings to further embed the review and update of the CRR.

6. Legal and Resource Implications

6.1 The work carried out is within approved budgets.

7. Equality Impact Assessment Issues

7.1 Risk management forms an important part of the internal control framework within the Council.

7.2 The Council's risk management strategy has been Equality Impact Assessed and was found to have no adverse impacts.

8. Compliance Issues

8.1 Decisions are consistent with relevant Council Policies, Plans and Strategies.

.....

Sarah Dunlavey
Assistant Director, Audit & Risk Management

Telephone No: 675 8714

e-mail address: sarah.dunlavey@birmingham.gov.uk

INDEX OF RISKS – PREVIOUS UPDATES

Safeguarding / Welfare

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
2	Not responding fully and effectively to the improvement agenda for children - Failure to improve children's safeguarding and children's social care.	1	H/H ↑	H/H ↑	S/H ↓	S/H ↔
32	Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism.	2	S/H ↔	S/H ↔	S/H ↔	S/H ↔
33	Failure of the Council to make its contribution to deliver a step change to the Health and Social Care system resulting in an improvement to the health and well-being of Birmingham citizens.	4	S/S ↔	S/S ↔	S/S ↔	S/S ↔
42	Travel Assist There are risks within the service over the cost of the provision and ability to deliver the agreed level of service within the agreed budget.	5			S/H	S/H ↔
43	Early Years Health and Well Being contract There are risks that the assumed financial savings from the contract will not be fully realised due to unforeseen costs and possible grant claw backs.	7			H/S	H/S ↔

Statutory Responsibilities / Compliance with Statutory Responsibilities

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
1	Management of equal pay claims.	9	H/H ↔	S/S ↓	S/S ↔	S/H ↑
26	Failure to comply with all of the requirements of the Counter Terrorism and Security Act (2015) and the Prevent Duty.	10	H/H ↔	H/H ↔	H/H ↔	H/H ↔
31	Increased pressure on the statutory homeless service.	13	H/H ↔	H/H ↔	H/H ↔	H/H ↔
34	Risk of fines being passed down to Local Authorities in relation to air quality / ongoing fines related to not meeting air quality compliance.	17	H/M ↔	H/M ↔	H/M ↔	H/M ↔
12	Failure to comply with all the requirements of the Equality Act 2012 and the Public Sector Equality Duty.	19	M/S ↔	M/S ↔	M/S ↔	M/S ↔
25	Failure to comply with statutory timescales in relation to DoLS (Deprivation of Liberty) referrals, which could lead to legal challenge and result in financial loss to the Council.	22	M/S ↓	M/S ↔	M/S ↔	M/S ↔
11	The loss of significant personal or other sensitive data	24	L/H ↓	L/H ↔	L/H ↔	M/H ↑
35	Risk of failure to implement GDPR. Nominated for Deletion	25		H/H	H/H ↔	H/H ↔

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
36	Failure to respond positively and effectively to the required outcomes of the Grenfell Tower enquiry once known.	26		L/M	L/M ↔	L/M ↔
37	Homelessness Reduction Act – Insufficient council resources to meet the requirements of the Act fully.	28		M/H	M/H ↔	M/H ↔

Financial Resilience

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
29	Not developing sufficiently robust plans to support setting a balanced budget (including in the medium term), and not containing net spending within the approved budget.	30	S/S ↑	S/S ↔	H/H ↑	H/H ↔
15	Not recognising the need to divest of costly property assets in radical new solutions to reframe service delivery.	32	S/M ↔	S/M ↔	S/M ↔	S/M ↔
38	Management of the Enterprise Zone Programme in line with its delivery plan	34			H/H	M/H ↓
41	School Deficits National funding arrangements have resulted in real term funding reductions	35			H/H	H/H ↔

Political

Risk No.	Risk Title	Appendix A Page No.	Actual Rating July 2017 L / I	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I
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None.

Technology

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
16	That web services to customers or work with partners may be disrupted by malicious attacks on the City Council's web based services.	39	S/M ↔	S/M ↔	S/M ↔	S/M ↔
17	Ineffective Corporate Risk Marker IT solution.	40	L/M ↔	L/M ↔	L/M ↔	L/M ↔

Transformation

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
7	Lack of capacity and capability to respond to employee relations tensions, poor service, performance issues, sickness absence levels and poor morale due to organisational downsizing and pay freezes.	42	S/S ↔	S/S ↔	S/S ↔	S/S ↔
10	Not building on the recently agreed collaborative approach with the Improvement Panel to deliver change following the Kerslake Report	44	M/S ↔	M/S ↔	M/S ↔	M/S ↔
18	Failure to adequately evaluate the costs and benefits of alternative delivery models. Failure to fully implement the decisions made to change policy and service delivery.	45	M/M ↔	M/M ↔	H/H ↑	M/M ↓
45	Allowance payments	46			M/M	M/M ↔

Service Delivery

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
6	Failure to achieve all of the services required including delivery of significant investment into the Highway network within the first five years of the contract.	48	H/S ↔	H/S ↔	H/S ↔	H/S ↔

Risk No.	Risk Title	Appendix A Page No.	Actual Rating Nov 2017 L / I	Actual Rating March 2018 L / I	Actual Rating July 2018 L / I	Actual Rating November 2018 L / I
39	HS2 Delivery of HS2 following Royal Assent of HS2 Act. BCC role to help facilitate delivery of new railway (including Curzon Station and depot). Maximise benefits for City and minimise/mitigate impact during construction.	49			S/S	S/S ↔
40	Commonwealth Games – Athletes Village Delivery of the Athletes Village dependant on the funding & acquisition of land in addition to potential changes to sporting schedules affecting the village's capacity to accommodate athletes.	50			M/M	M/M ↔

Index by Risk / Issue Number

No	Short Description of Risk / Issue	Page
2	Not responding fully and effectively to the improvement agenda for children - improving children's safeguarding and social care	1
32	Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism	2
33	Failure of the STP to deliver a step change to the Health and Social Care system resulting in an improvement to the health and well-being of Birmingham citizens	4
42	Travel Assist – cost of provision and ability to deliver the agreed level of service	5
43	The Early Years Health and Well Being Contract	7
1	Management of Equal Pay Claims	9
26	Failure to comply with all of the requirements of the Counter Terrorism and Security Act (2015) and the Prevent Duty	10
31	Increased pressure on the statutory homeless service in regards to volume of customers, which leads to significant financial pressure on the general fund due to increased use of B&B	13
34	Risk of fines being passed down to Local Authorities in relation to air quality / ongoing fines related to not meeting air quality compliance	17
12	Failure to comply with the Equality Act 2010 and the Public Sector Equality Duty	19
25	Failure to comply with statutory timescales in relation to DoLS (Deprivation of Liberty) referrals, which could lead to legal challenge and result in financial loss to the Council	22
11 Revised risk	Loss of personal or sensitive data	24
35 Nominated for deletion	GDPR Implementation by May 2018	25
36	Failure to respond positively and effectively to the required outcomes of the Grenfell Tower enquiry once known.	26
37	Homelessness Reduction Act – Insufficient council resources to meet the requirements of the Act fully.	28
29	Not developing sufficiently robust plans to support setting a balanced budget (including in the medium term), and not containing net spending within the approved budget	30
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38	Management of the Enterprise Zone Programme in line with its delivery Plan	34
41	Schools Deficits – National funding arrangements have resulted in real term funding reductions	35
16	Web services may be disrupted by malicious attacks on Council's web based services	39
17	Ineffective Corporate Risk Marker IT solution	40
7	Employee relations, performance issues, sickness absence levels, etc.	42
10	Not building on the recently agreed collaborative approach with the Improvement Panel to deliver change following the Kerslake Report	44
18	Evaluation of cost & benefits of alternative delivery models & failure to fully implement the decisions made to change policy / service delivery	45
44	Allowance Payments	46
6	Failure to achieve all of the services required (including delivery of significant investment into the Highway network), within the first five years of the contract.	48

No	Short Description of Risk / Issue	Page
39	Delivery of HS2 following Royal Assent of the HS2 Act	49
40	Commonwealth Games – Athletes Village	50

Key:

	Safeguarding / Welfare
	Statutory Responsibilities / Compliance with Statutory Responsibilities
	Financial Resilience - Risk associated with austerity and the financial challenges facing BCC
	Political - Risks driven by the political agenda
	Technology
	Transformation
	Service Delivery

Safeguarding / Welfare					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
2	<p>Not responding fully and effectively to the improvement agenda for Children - Failure to improve children's safeguarding and children's social care.</p> <p>Lead: Corporate Director Children & Young People Anne Ainsworth Owner: Assistant Director Commissioning – Sarah Sinclair</p>	Significant / High	<p>Lead Director comment</p> <p>In April 2018 Birmingham Children's Trust became operationally independent of the council as part of the ongoing process of improvement. The Trust is a wholly-owned company of the council, and works in close partnership to continue to improve outcomes for disadvantaged children and young people in the city.</p> <p>The Director of Children's Services duties still remain within the Council and sit with the Corporate Director for Children and Young People</p> <p>The service is subject to regular Monitoring Visits by Ofsted. Positive progress was observed in the September and December visits. Further visits are scheduled for May and August, after which a full inspection is anticipated.</p>	<p>Target risk rating: Medium / High</p> <p>Anticipated date of attainment of the target risk rating: April 2019</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Service Delivery Contract is in place and Commissioning arrangements are being developed to manage the Contract with the Trust.</p> <p>A monthly Operational Commissioning Group meets to consider performance and contract issues, this will also include risk updates. The Lead Member for Children's Services will meet regularly with the Chief Executive of the Trust to be briefed on progress.</p> <p>The Trust will continue to deliver improvement based on the four pillars of</p> <ul style="list-style-type: none"> - Leadership, Management and Governance - Support for Practice & Management 	<p>O&S - Schools, Children and Families O&S Cttee: The following discussions, reviews and updates have taken place:-</p> <p>The Inquiry into Corporate Parenting was undertaken to improve the Cllrs role as Corporate Parents for Children in Care. This was agreed at Council on 4th April 2017</p> <p>Continued with scrutinising the progress with the improvement journey at the July 2017 committee meeting with the Cabinet member and Corporate Director.</p> <p>A number of briefings and updates on the Children's Trust (11 July 17 briefing, 13th September 2017 item at committee meeting and 22nd November 2017 workshop).</p> <p>In addition the committee</p>

Safeguarding / Welfare					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
				<ul style="list-style-type: none"> - Quality and Assurance - Engagement and Involvement <p>Performance reported at the October Operational Commissioning group (month 6) shows that 14 out of the 15 agreed performance indicators were meeting their target (either above the target or within the accepted threshold for tolerance). In addition a strong focus is being placed on individual case audits and quality reviews with dedicated resource set aside to do this. Plans are underway for an expected Ofsted inspection.</p>	<p>have continued to scrutinise arrangements for children missing from home and care and Child Sexual Exploitation (18th October 2017). IA Review 2018/19: Contract monitoring framework, Service Delivery Framework, Operational review, Client contract monitoring, Correspondence management, Performance framework – high level review and Ofsted Inspection Framework.</p>
32	<p>Risk of significant disruption to Council services and failure to effectively manage and respond to emergency incidents, including acts of terrorism.</p> <p>Lead: Chief Executive Owner: Jacqui Kennedy</p>	Significant / High	<p>Lead Director comment</p> <p>Project Argus briefing to CLT undertaken during summer 2017.</p> <p>Major incident exercise (Assured) November 2017.</p> <p>Protect and prepare meetings programmed quarterly for 2017. Action tracker in place.</p> <p>Corporate and LRF emergency plans in place.</p>	<p>Target risk rating: Medium / Significant</p> <p>Anticipated date of attainment of the target risk rating: Ongoing.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Cooperation with WMP CTU on their proposed Birmingham Protect and Prepare Board.</p>	<p>O&S update – Planned item on emergency planning to Co-ordinating O&S in Feb/March 2019</p> <p>IA Review - None.</p>

Safeguarding / Welfare					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			<p>Working with LRF partners on exercising 24/7 out of hours emergency duty officer service in place including emergency control room.</p> <p>Security awareness briefings held with Council House Staff and elected members.</p> <p>Work progressing with Prevent Community Reference Group to incorporate community responses into wider resilience plan</p> <p>Recruitment of Experienced Emergency Planning Professional</p>	<p>Meeting to discuss this and wider issues 14th July 2017.</p> <p>Consolidate BCC and WMP P&P Processes</p> <p>Active BCC engagement in the new Regional Multi-Agency sharing pilot with Home Office, MI6 and CTU colleagues in the West Midlands.</p> <p>Business Continuity Policy and Corporate Plan in final draft pending CMT.</p> <ul style="list-style-type: none"> • Michael Enderby (Head of Place Resilience) now in post. • Full Review of Emergency Plan and Business Continuity occurred. • New interim Emergency Plan launched and new Emergency Plan being launched. • Roles and people identified. • Training programme starting for commanders. • New response and duty process implemented. • Further review of response 	

Safeguarding / Welfare					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
				arrangements underway. <ul style="list-style-type: none"> Shelter and Volunteers plan being updated. 	
33	<p>Failure of the STP to deliver a step change to the Health and Social Care system resulting in an improvement to the health and well-being of Birmingham citizens.</p> <p>Lead: Interim Corporate Director Adults Social Care & Health Owner: Graeme Betts</p>	Significant / Significant	<p>Lead Director comment</p> <p>The leadership of the STP has changed. The STP board has agreed a revised purpose which will mitigate this risk. However, the scale of the challenge including meaningful public and staff engagement will mean this process will not be fast. Additionally there are “task” requirements of NHSE which may deflect attention this year.</p> <p>The STP “purpose” is evolving under new leadership. A draft vision and values has been developed and under consideration by the STP Board.</p> <p>The revised STP purpose has been accepted by the STP Board</p>	<p>Target risk rating: Low / Medium</p> <p>Anticipated date of attainment of the target risk rating: March 2019.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>STP board which is represented by the Leader / Cllr Hamilton, CEO and Graeme Betts.</p> <p>STP is a standing item on the Health and Wellbeing Board bimonthly meetings to receive updates from the Birmingham and Solihull CCG. Graeme Betts is a member of the STP Programme Board and Becky Pollard is a member of the Development and Delivery Board. Public Health is currently auditing the involvement in the BSol STP process to ensure appropriate engagement.</p> <p>The STP Board has agreed its strategy and</p>	<p>O&S - Health & Social Care O&S Committee have had regular updates on the STP both in main committee and Joint Birmingham / Solihull Health Scrutiny Committee.</p> <p>On 8th March 2017, Andrew McKirgan, who was then the Director BSol STP and Judith Davis, Programme Director, Better Care Fund attended Birmingham / Solihull JHOSC to present a progress report.</p> <p>The new BSOL STP lead Dame Julie Moore, Andrew McKirgan, Director of Partnerships UHB and Graeme Betts attended the</p>

Safeguarding / Welfare					
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				<p>will engage the public and stakeholders towards the end of this year. Work streams have been agreed and priorities identified. There is a high degree of commitment amongst the partners. The main risk is that the work streams are not all as well-advanced as others which means that the risk that improvement for some citizens may take longer than would be desirable.</p>	<p>21st November HOSC to update Members. Update on draft stakeholder engagement report shared at Oct 2018 HOSC by STP Director of Planning & Delivery together with input from CCG Chief Exec and Birmingham Interim Director of Public Health.</p> <p>STP draft plan discussed at City Council on 6th November 2018</p> <p>IA Reviews - None.</p>
42	<p>Travel Assist</p> <p>There are risks within the service over the cost of provision and ability to deliver the agreed level of service within the agreed budget.</p> <p>There are also wider service</p>	Significant / High	<p>Birmingham has a higher than average number of children with SEN (17.8% in the city; 15.5% nationally). Travel Assist supports over 5,700 children and young people to an educational setting. Of these, over 4,200 are on some form of specialised transport (mini-bus/coach/one-to-one transport). It is a huge logistical operation on a daily basis.</p> <p>The TA budget for the last few years has been artificially low. It was significantly reduced to £13.6m in 2016/17 based on a consultancy report.</p>	<p>Target Risk Rating: Medium/ Significant</p> <p>Anticipated date of attainment of target risk rating: Sept 2019</p> <p>Source of assurance regarding progress with mitigating the risk:</p> <ul style="list-style-type: none"> Plans are being developed to remodel and 	<p>IA 2018/19: Work completed last year looking at contract arrangements. Work currently taking place in terms of assessment and allocation process which includes impact on cost of delivering service.</p>

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	<p>risks about the capacity of the market to deliver this service and the reliance upon a single provider due to limited minibuss capacity with.</p> <p>Lead: Anne Ainsworth, Assistant Director. Owner: Sharon Scott</p>		<p>This resulted in 2016/17 in a £5.3m overspend (£18.9m), and an unprecedented number of complaints and negative attention placed on the service and BCC. Over the course of the academic year 2016/17 90% of the change programme was delivered. While the TA budget has been increased for 2018/19 the service still faces an potential anticipated deficit of up to £3,000k covering both contract hire and Guides</p>	<p>re-procure the service. As part of the planned procurement new models of delivery with less reliance on minibusses are being developed to provide greater choice with regards to the delivery of the service.</p> <ul style="list-style-type: none"> • A new 0-25 Transport Policy will be drafted for consultation in 2018 which will review the criteria for service provision. • SENAR and Travel Assist will work more closely to consider the combined cost of an education placement and the cost of transport <p>In the longer term the implementation of the SEND and Inclusion Strategy will bring places back into the city closer to where the children who need them live, thus reducing transport costs.</p> <p>Options paper been produced as part of the latest budget template round.</p> <p>Planned report to Cabinet in December for the new contract and permission to consult on a</p>	<p>Cabinet Member agreed to attend November Children's Social Care OSC meeting to report on and review Travel Assist. Also to be asked to report back to Resources O&S on overspends</p>

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				<p>new 0-25 policy (one consultation)</p> <p>Communications and Engagement exercise to support the consultation being developed.</p>	
43	<p>Early Years Heath and Well Being contract</p> <p>There are risks that the assumed financial savings from the contract will not be fully realised due to unforeseen costs and possible grant claw backs. Previous unforeseen costs have been identified in relation to estates and staffing issues</p> <p>There are also wider risks relating to the construction of the contract itself and the lack of robust contract management arrangements.</p>	High/ Significant	<p>In January 2018 the EYHWP Contract was issued to BCHC and a Secondment Agreement put in place between all Parties. Contract mobilisation date was the 8 January 2018. Programme management arrangements were fully stood down in March 2018. In mid-April it was clear that there were a number of outstanding risks and issues in relation to this contract. The following actions have been taken/are planned;</p> <ul style="list-style-type: none"> Interim AD capacity in place to oversee the programme Urgent review of the Contract, Secondment Agreement and contract management arrangements completed Stocktake report being developed 	<p>Target Risk Rating: Significant/medium</p> <p>Anticipated date of attainment of target risk rating: January 2019</p> <p>Source of assurance regarding progress with mitigating the risk</p> <ul style="list-style-type: none"> Newly established Children's and Young People's Commissioning Board which has cross directorate senior representation Contract management arrangements in place to effectively monitor Ongoing work to review the contract 	<p>IA 2018/19: Job planned for January 2019 looking at commissioning and contract management.</p> <p>Early Years, Health & Wellbeing Contract scheduled to come to November Children's Social Care OSC.</p>

Safeguarding / Welfare					
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	<p>All risks have been increased due to a lack of permanent commissioning and contract management arrangements</p> <p>Anne Ainsworth Owner: Assistant Director Commissioning – Sarah Sinclair</p>		<ul style="list-style-type: none"> • Programme management arrangements being reinstated with cross directorate representation • Risk and issues log reviewed and updated • Key actions identified in relation to finance, HR, estates, performance management, contract mobilisation, IT • Developing 1.0 fte grade 6 commissioning capacity as part of an overall Early Years re-structure 	<p>and address employment and building issues which are being reviewed.</p> <ul style="list-style-type: none"> - There is a further risk around VAT liability due to staff secondment arrangements - Internal Audit have undertaken a review of at the request of the Directorate. The recommendations from this will be fed into the improvement activity - Contract Management Board now established - Urgent work is taking place to address gaps in contract in relation to finance, performance and estates 	

Statutory Responsibilities / Compliance with Statutory Responsibilities					
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1	<p>Management of Equal Pay Claims</p> <p>Lead: Chief Finance Officer Owner: Kate Charlton</p>	<p>Significant / High</p> <p>Following CMT review</p>	<p>Lead Director comment Since 2007 to date a significant number of claims have been issued against the Council. The predominance of these claims relates to liability pre implementation of single status, which took place in 2008 and also liability post implementation of single status. The time limit for issuing further claims for both these types of claims has now expired.</p> <p>The Council has also received claims for post implementation of the Birmingham Contract (November 2011); some with limited pleadings. The recent industrial action in waste management (July – November 2017) has increased the profile of Equal Pay. There remain considerable unknowns as to how many further claims might be brought and what risk or level of liability these claims might attract.</p> <p>Significant progress has been made in terms of defending equal pay claims and managing settlement negotiations, where approved by the Council. The settlement strategy is based on level of assessed risks in relation to the likely success of claims through the tribunal/court process and the availability of financial resources.</p> <p>The validity of all equal pay claims is constantly challenged</p>	<p>Target risk rating: Medium / Significant</p> <p>Anticipated date of attainment of the target risk rating: March 2019.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Management assurance - reporting to Equal Pay Executive Cabinet Sub Group and to Corporate Governance Group, Audit Committee and District Auditor.. With a view to preventing any discriminatory working practices, robust review of processes and checks and balances to mitigate against / prevent further liability where evidence of potential risk(s) is known / identified.</p>	<p>O&S - None.</p> <p>IA - Payroll review work undertaken annually.</p>

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			by Legal Services. Each claim is subject to robust legal challenge before any offer to settle is made.		
26	<p>Failure to comply with all of the requirements of the Counter Terrorism and Security Act (2015) and the Prevent Duty.</p> <p>Lead: Corporate Director, Place Owner: Jacqui Kennedy</p>	High / High	<p>Lead Director comment</p> <p>The threat and vulnerability risk assessment of a terrorist attack in the UK places Birmingham as the most vulnerable city after London. In 2015 the Council and partners reviewed its infrastructure around this risk to take into account the Counter-Terrorism and Security Act 2015, that includes a duty on certain bodies ('specified authorities' listed in Schedule 6 to the Act), in the exercise of their functions to have 'due regard to the need to prevent people from being drawn into terrorism'.</p> <p>The duty does not confer new functions on any specified authority. The term 'due regard' means that the authorities should place an appropriate amount of weight on the need to prevent people being drawn into terrorism when they</p>	<p>Target risk rating: Medium / Significant</p> <p>Anticipated date of review/attainment of the target risk rating: Ongoing</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Delivery continues to be monitored by the CONTEST Board Chaired by the Deputy Leader.</p> <p>Prevent Delivery Plan in place driven by Counter Terrorism Local Profile, monitored by the Prevent Executive Board, chaired by</p>	<p>O&S</p> <p>Waqar Ahmed and colleagues reported to the Schools, Children and Families O&S Committee on 21/3/18.</p> <p>Birmingham contributing to the Home Office Audit on national Prevent activity</p>

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			<p>consider all the other factors relevant to how they carry out their usual functions.</p> <p>The Council has applied a partnership and mainstreaming approach to mitigate the risks associated with the threat.</p> <p>Governance for the Prevent programme has been strengthened with the Prevent coordinator now reporting directly to the Strategic Director and Assistant Chief Executive increasing visibility across the Council.</p>	<p>Jacqui Kennedy.</p> <p>Security briefings to Council House staff & Members.</p> <p>Training for front line staff moved to a 'train the trainer' model - 600 trainers having been trained to deliver future WRAP awareness training to schools alleviating capacity issues within the local authority.</p> <p>Support continues to be provided to schools around Prevent via the Schools Resilience Officer and officer has been recruited.</p> <p>Prevent is embedded within CASS/MASH arrangements and within the Right Services, Right Time safeguarding procedures. A new screening tool has been developed to support the request for support form and has been circulated to front line practitioners.</p> <p>CHANNEL is in place as a multi-agency pre-criminal space platform to support vulnerable people; and chaired by the DWPs Think Family Lead.</p>	

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				<p>Community initiatives in place commissioned by the Home Officer to provide community solutions and are regarded by the Home Office as national best practice with scaling up plans initiated to extend into other regional areas. Funding for a second community engagement worker has been secured; a secondment arrangement with the youth service is being agreed.</p> <p>BCC Resilience Team continues to lead on the Prepare and Protect strand of the counter-terrorism strategy.</p> <p>CTLP for 2018 delivered to the Chief Executive in January 2018 and the Prevent Executive Board in early February.</p> <p>Recruitment of Michael Enderby as Head of Resilience. Experienced professional in Emergency Planning, Prepare and Protect.</p> <p>In the Chief Executive proposed new structure reporting lines would be to the Assistant Chief Executive only to ensure more profile and clarity of role and reporting line.</p>	

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				<p>The recent Home Office Peer review of Birmingham City Council's Prevent responsibilities highly commended the work Birmingham is doing.</p> <p>The recent permanent appointment of a Head of Resilience is a positive step to ensure the City is prepared.</p>	
31	<p>Increased pressure on the statutory homeless service in regards to volume of customers, which leads to significant financial pressure on the general fund due to increased use of B&B.</p> <p>Lead: Corporate Director, Place Owner: Rob James</p>	High / High	<p>To mitigate the financial pressure on the service, several management interventions have been put in place. These include a report to Cabinet in August 2017 to increase the number of homeless centres owned and managed by Birmingham City Council. Properties are to be refurbished for use as temporary accommodation, which avoids use of Bed and Breakfast (the most expensive).</p> <p>The report sets out:</p> <ul style="list-style-type: none"> Proposals for the creation of two additional homeless centres for use as temporary accommodation as part of the Council's statutory duty to provide temporary accommodation; and The approach and procurement strategy for the 	<p>Target risk rating: Medium / Medium</p> <p>Anticipated date of attainment of the target risk rating: March 2019.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Management assurance - regular reporting to Cabinet Member, monthly meetings with finance, discussions at Housing DMT, 1to1s with Head of Service.</p> <p>Reduce known risks at fortnightly meetings with all partners and manage risk to reduce these through pro-active work</p>	<p>O&S -The Housing and Homes O&S Committee inquiry into rough sleeping was presented to City Council in June 2017. The Committee completed the tracking of the rough sleeping inquiry report at its October meeting but will continue to review non-delivered and on-going elements of the recommendations. At the October meeting Members also received an update on the review</p>

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			<p>refurbishment of two Council owned properties for use as temporary accommodation.</p> <p>The homeless prevention strategy has been launched and commitments gained from partners on how they will collaborate to prevent homelessness. The commitments will form the action plan which will be monitored through the homelessness partnership board.</p> <p>Work continues at Barry Jackson to remove asbestos and prepare the site for refurbishments works to begin this financial year. Risk is being managed by Capital Investment Team, the Service and contractors at fortnightly meetings. There is considerable pressure from and opposition to the proposal from the local community. A plan has been agreed to address concerns however the risk remains very high that this project may be withdrawn as a result of community activity and pressure. Costs have exceeded agreed budget as a result of additional capital works agreed. The requirement to install sprinklers at both locations, further to the Leaders commitment, will push the full occupancy dates back to yet to be confirmed dates.</p> <p>Targeting of readily available void dwellings suitable for re-housing homeless households and for use as temporary</p>		<p>of the Allocations Scheme and will receive a further update in December as part of a wider update on implementation of the Homelessness Reduction Act.</p> <p>The Committee is also doing a piece of work on the Private Rented Sector, which will look in some detail at the use of private rented accommodation to address homelessness, and temporary accommodation.</p>

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			<p>accommodation has been increased to help reduce B&B use.</p> <p>Planning permission has now been obtained for Barry Jackson Tower, however the timeline for commencing occupancy remains January 2019.</p> <p>Work is ongoing with Contractors to identify any potential for bringing this forward; however, this needs to be balanced with ensuring it is completed safely and appropriately.</p> <p>Work with Registered Providers has identified opportunities in regard to homeless prevention and provision of accommodation this is being worked on from both the Registered Provider Sector and Birmingham City Council.</p> <p>Following commencement of the Homelessness Reduction Act, there has been a predicted increase in homeless presentations. However, this has also resulted in an increase in preventions as a result of the new approach to handling homeless presentations.</p> <p>Report to be submitted to Cabinet in November and briefing note and presentation to CMT will provide a more detailed update on current position with regard</p>		

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			<p>to responding to homelessness, increased risk and current position.</p> <p>The risk is continually reviewed and updates provided to Cabinet Member at weekly briefings.</p> <p>There is a shared Temporary Accommodation and Bed and Breakfast reduction action plan with Homeless Partnership Board and Housing Birmingham.</p>		
34	<p>With uncertainty on the UK air quality action plan following challenges through the judicial system and the costs associated with the Government announcing infraction fines being passed down to Local Authorities in relation to air quality there is the potential of an initial £60m fine and then ongoing fines related to Birmingham not meeting air quality compliance.</p> <p>The Council has been mandated to introduce a</p>	High / Medium	<p>Lead Director comment</p> <p>The Council has been issued with ministerial directions under the Environment Act (1995) to complete key milestones to be compliant for roadside NO₂ by 2020</p> <p>Cabinet, in June 2018, agreed options for public consultation regarding a Clean Air Zone for Birmingham. The ambition demonstrated in the option for consultation has gone some way to mitigating the risk of Government fine. An Outline Business Case has been submitted to Government to release relevant funds for preventative work and allow for independent analysis of the modelling outputs. A special Cabinet in September 2018 considered the consultation response and endorsed a 'preferred option business case' for submission to Government.</p>	<p>Target risk rating: Medium / Low</p> <p>Anticipated date of attainment of the target risk rating: January 2020</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Wider Air Quality Plan that includes:</p> <ul style="list-style-type: none"> Traffic management, signalling and signage controls - 12/2018. Controlled Parking Zones - 12/2018. BCC Internal & External Fleet transition to low / zero emission full Low / zero re- 	<p>O&S - The Health & Social Care O&S Committee have carried out an inquiry into 'The Impact of Poor Air Quality on Health'. Evidence gathering took place on 17th January 2017 and 28th March 2017. Witnesses included:-</p> <ul style="list-style-type: none"> Public Health England Friends of the Earth Birmingham Trees for Life Transport for West Midlands Birmingham Children's Hospital

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	<p>Clean Air Zone by Government. The substantive risk is now to agree, fund and deliver the Clean Air Zone in the shortest possible time, with a target of January 2020.</p> <p>Lead: Assistant Chief Executive Owner /AD Transportation Owner: Waheed Nazir</p> <p>Air quality is now led by Jonathan Tew. However Duncan Vernon Acting AD for Public Health has assisted with the Public Health consultation which has now closed.</p>		<p>Significant milestones remain; however, a Preferred Clean Air Zone Option Business Case has been prepared and approved to go to Cabinet on 10 September 2018. Following approval this can be submitted to Government for review.</p> <p>This Business Case will need to be further refined into a Full Business Case to fully comply with the Ministerial Direction over the next 2-3 months.</p> <p>Significant milestones remain, however, with particular emphasis around a special Cabinet in September 2018 and submission of the Full Business Case Submission of the Full Business Case will follow in November-December 2018.</p> <p>These headline mitigations are supported by: -</p> <ul style="list-style-type: none"> - Weekly teleconference meetings with DEFRA's Joint Air Quality Unit to update mitigation plans. - Regular Cabinet Member briefing to provide strategic direction for wider Air Quality Programme including deployment of Clean Air Zone. - Ongoing feasibility studies to measure air quality 	<p>fuelling infrastructure - 04/2019.</p> <ul style="list-style-type: none"> • Clean Air Zone strategic business case signed off by Secretary of State by 12/2017 to enable CAZ infrastructure for access restrictions deployed by 04/2019. • Revised Birmingham Taxi Licensing Policy based on air quality compliance emissions - 12/2018. • All BCC procurement frameworks and tendering processes aligned with CAZ compliance -12/2018. 	<ul style="list-style-type: none"> • Network Rail <p>The final report was presented to City Council for ratification on 12th September 2017.</p> <p>Further reports tracking the implementation of recommendations will be presented to HOSC on a regular basis beginning in January 2018 with progress report from Cllr Trickett on behalf of the Air Quality Members Steering Group</p> <p>A report on the air quality at New Street Railway Station was presented to committee by representatives from Network Rail and the University of Birmingham on 20th March 2018</p>

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			<p>impact and assess measures and controls to meet compliance, including level of Clean Air Zone to be deployed.</p> <ul style="list-style-type: none"> - Development of overarching clean air policy for Birmingham for 2018. - Ongoing joint development work and positive engagement with WMCA. <p>Key progress comprises the completion of a Preferred Clean Air Zone Option Business Case and Cabinet report to authorise submission to Government by 15 September 2018, as required by the Ministerial Direction. The report follows the largest ever response of circa 11,000 to the CAZ consultation.</p> <p>A special Cabinet in September 2018 considered the consultation response and endorsed a 'preferred option business case' for submission to Government. Submission of the Full Business Case will follow in November-December 2018.</p> <p>Comments provided by Duncan Vernon 030918: Responsibility has now been transferred and enclosing the 'Brum Breathes' Programme Outline.</p>		<p>The Sustainability & Transport Committee carried out a session focussed on the CAZ consultation on 2nd August 2018 with invited stakeholders. The Committee made a submission to the consultation following this session.</p> <p>IA Review - 2018/19 – Planned.</p>

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12	<p>Failure to comply with all of the requirements of the Equality Act (2010) and the Public Sector Equality Duty.</p> <p>Lead: Assistant Chief Executive / HR Director Owner: Jonathan Tew</p>	Medium / Significant	<p>Lead Director comment</p> <p>The Public Sector Equality Duty (PSED) was created by the Equality Act 2010 and is set out in section 149. It applies to public bodies, such as local authorities listed in Schedule 19 to the Act, and to other organisations when they are carrying out public functions. The PSED contains specific duties (Specific Duties Regulations 2011) which are an important lever for ensuring that public bodies take account of equality when conducting their day-to-day work. When delivering their services and performing their functions, bodies subject to the PSED must have due regard to the need to:</p> <ul style="list-style-type: none"> • Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act. • Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it. • Foster good relations between people who share a relevant protected characteristic and those who do not share it. 	<p>Target risk rating: Medium / Significant</p> <p>Anticipated date of attainment of the target risk rating: Attained.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <ul style="list-style-type: none"> • Corporate Governance is in place to manage this risk effectively and close monitoring by ECS&CS and Legal Services will continue in order to address any issues which may arise. • Corporate Consultation undertaken on savings proposals. • Unique EA reference will be tracked and reported against individual Corporate Savings Proposals. • Corporate Steering Group to oversee compliance. • Initial RAG assessment of savings 	<p>O&S - Corporate Resources and Governance O&S Committee to have briefing on HR matters including workforce equality on 2nd November 2017.</p> <p>IA Review - None.</p>

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			<p>Legal challenge can delay implementation of change and significantly delay or reduce the planned savings to be achieved this may also have a detrimental impact on other services. It is important therefore, that Equality Assessments (EAs) are carried out robustly across BCC regarding all initiatives and service delivery changes. The responsibility for ensuring that EAs for all major policy / budget changes lies with the Directorates. All EA are subject to audit by Quality Control Officers and Senior Officers who sign off the completed EA through the Equality Analysis Toolkit currently through the Black Radley software. This supports the equalities agenda and compliance to legislation. They should ensure that the EAs produced by the service are capturing evidence of ongoing compliance. Legal Services are advising on high risk EAs and check compliance through the cabinet report clearance system.</p> <p>Following consultation with Legal Services and Directorate Equality Leads, the Equality Analysis Toolkit was developed to improve the guidance information to staff. If followed, this guidance should help improve the content and standard of EAs submitted for approval.</p> <p>All budget planning paperwork requires equality assessments to be completed at an early stage and throughout.</p>	<p>proposals to be undertaken.</p> <ul style="list-style-type: none"> Legal advice sought on high risk initiatives. Process of Legal sign off on Cabinet Reports. <p>Management assurance. In addition to current guidance and information, the development and use of the online Equality Analysis Toolkit will help mitigate against managers undertaking inadequate EAs. The toolkit provides a step by step process and on line guidance to completing an EA and developing an action plan.</p> <p>The online toolkit provides an overview of all EAs undertaken on the system.</p> <p>Project managers are encouraged to take legal advice on high risk initiatives.</p>	

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			<p>Please note that this Equality Analysis Toolkit will be subject to review in-year 2018/19 as part of a whole-system review of equalities linked to the Councils new workforce strategy.</p> <p>Dedicated ELT session on the 12.09.18 considered workforce strategy and feedback from staff network reps. A self-assessment against the Equality Framework for Local Government was undertaken which will guide our action planning in 2019-20.</p>		
25	<p>Failure to comply with statutory timescales in relation to DoLS (Deprivation of Liberty) referrals, which could lead to legal challenge and result in financial loss to the Council.</p> <p>Lead: Interim Corporate Director, Adult Social Care & Health Owner: Pauline Mugridge</p>	Medium / Significant	<p>Lead Director comment</p> <p>This risk is made of 2 components:</p> <p>1) DOLS in Care Homes and Hospitals - DOLS strategy was reviewed in July. ASC&H DLT and the Cabinet Member subsequently adopted the recommendation to adopt an alternative view of the balance of litigation risks v financial risks in this area. In line with the approach taken by the majority of West Midland Local Authorities, it will in future only undertake DOLS assessments for those adults who meet the ADASS "High" criteria. The significantly enlarged Best Interest</p>	<p>Target risk rating: Medium / Significant</p> <p>Anticipated date of review/attainment of the target risk rating: September 2017.</p> <p>Update provided by David Gray 30/04/18 The target risk rating was achieved in September 2017 and now remains static</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>A monthly position report is presented to the</p>	<p>O&S - None.</p> <p>IA Review 2016/17: Deprivation of Liberty Standards F/Up.</p> <p>IA Review 2017/18: Deprivation of Liberty 2nd F/Up</p>

Statutory Responsibilities / Compliance with Statutory Responsibilities					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			<p>Assessor (BIA) team, with increased management and administrative support will remain but expenditure on the external BIA service has ceased. The effect is anticipated to be a reduction in the number of DOLS authorisations, but an increase of those of "High" priority (and existing cases due for renewal) being completed within the legal time limit. The overall position of the number of cases which have not been assessed will steadily increase, but this will be viewed as a lower risk to the Council than previously.</p> <p>2) Community DOLS - A business process, staff procedure, manager prioritisation guidance and staff training have been established, in conjunction with legal Services, and are now in use. This level of activity seems to be in line with that of</p> <p>Other local authority areas.</p> <p>There has been no change since the last report so there is no update to report. The position remains as previously reported.</p> <p>The Target Risk Rating was achieved in September 2017 and now remains static.</p> <p>The situation described at 1) above altered during the</p>	Directorate DOLS Project Board. A bi-monthly report is presented to the Cabinet Member.	

Statutory Responsibilities / Compliance with Statutory Responsibilities					
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			period since the last update due to the number of DOLS referrals continuing to rise (up by 35% rise in the year to August). As a consequence a back log of high priority cases has begun to develop. The position is to be monitored in the period August to February to understand if the position can be managed within existing resources. A backlog of high priority cases could increase the likelihood of a challenge, but it is not clear that this would alter the position to the extent that a challenge could be described as highly likely.		
11	<p>Revised Risk 17/10/18</p> <p>That the loss of significant personal or other sensitive data may put the City Council in breach of its statutory responsibilities and incur a fine of up to £20million from the Information Commissioner.</p> <p>Lead: Senior Information (SIRO) and Chief Operating Officer Strategic Services</p>	Medium / High	<p>Lead Director comment</p> <p>The Information Assurance Board (IAB), chaired by the Senior Information Risk Owner (SIRO) have agreed that the Council should achieve level 2 maturity to support the ongoing implementation of the Council's Information Assurance Framework. A plan of action is in development and agreed targets and resource commitments are being identified to support this work.</p> <p>Current key priorities discussed at IAB are:</p> <p>Across BCC, as well as capturing the data itself, we need to look at maintaining an inventory of the location of key personal data storage and the associated flows (including cross-border), with defined classes of personal data.</p>	<p>Target risk rating: Low / Medium</p> <p>Anticipated date of attainment of the target risk rating: December 2019</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Maintain clear lines of responsibility to the Senior Information Risk Owner (SIRO) and the Monitoring Officer.</p> <p>Security posture for the Council is monitored and has been recently reviewed as part of a SOCITM assessment as well as the LGA Stocktake.</p>	<p>O&S - None.</p> <p>IA Reviews 2016/17: Sophos Post Implementation Review, N3 Network, IG - Fostering & Adoption F/Up, Third Party Service Provision F/Up, Network Management and Data Quality - DfE Returns.</p> <p>IA Reviews 2017/18: Data Sharing, Third Party Service Provision, Information Assurance</p>

Statutory Responsibilities / Compliance with Statutory Responsibilities					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	(Angela Probert) Risk Owner: Peter Bishop		<p>We need to ensure that BCC is maintaining contracts and agreements with third-parties and affiliates consistent with the data privacy policy, legal requirements, and operational risk tolerance.</p> <p>BCC will need to maintain an information security program based on legal requirements and ongoing risk assessments. We will need to train our identified employees to be able to conduct a Data Protection Impact Assessment (DPIA) when managing change to personal data.</p> <p>To satisfy GDPR requirements BCC must provide ongoing training and awareness to promote compliance with our data privacy policy and to mitigate operational risk.</p>	<p>A secure email solution, Egress, has been deployed and is operational to prevent the accidental loss of data.</p> <p>Staff training is to be re-launched in Autumn 2018 and staff will be required to undertake the training on an annual basis.</p> <p>Review Breach management processes to ensure any learning from breaches is adopted to prevent further data loss.</p> <p>A project board is to be established, chaired by the CIO, to take the IAMM action plan forward and report on progress to IAB and CMT.</p> <p>Updated Target Closure Date: December 2019</p>	Framework, and IG - Planning Application Compliance with DP Guidelines.
35	General Data Protection Regulation Implementation - There is a risk of that our GDPR plan does not enable the authority to meet its obligations ready for the May	Medium/High	<p>Lead Manager's comment</p> <p>GDPR materials being prepared by CIM and Legal; Legal Services seeking to appoint additional legal support</p> <p>GDPR is being recommended to be included on the</p>	<p>Target risk rating: Medium / medium</p> <p>Anticipated date of attainment of the target risk rating: May 2018</p> <p>Source(s) of assurance regarding progress</p>	<p>O&S – None</p> <p>Internal Audit reviews – 2017/18. A readiness assessment completed</p>

Statutory Responsibilities / Compliance with Statutory Responsibilities					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	<p>2018 implementation date</p> <p>Lead: AD Peter Bishop Strategic Services Owner: Malkiat Thiarai</p> <p>Nominated for deletion. Risk No 11 updated.</p> <p>There is a programme of work being executed to improve the overall way for managing information risk and that is under the sponsorship of the SRO. That programme is part of the risk mitigation activity.</p>		<p>Corporate Risk Register because of the related new legislation, implementation date of May 2018 and the penalties involved for non-compliance.</p> <p>An updated report was presented to CMT 21st May 2018 on GDPR readiness. The work to meet the requirements of GDPR and mitigate risks of non-compliance will continue as part of the Information Assurance Maturity Plan.</p>	<p>with mitigating the risk:</p> <p>KPMG have been commissioned to conduct a gap analysis to high risk areas for the Council. Feedback on 15.12.17</p> <p>Head of CIM chairs GDPR project board that is taking forward current known actions.</p> <p>Target Closure date June 2018</p>	<p>which included a high-level action plan to assist the project focus on key deliverables.</p> <p>Internal Audit reviews 18/19 - GDPR Readiness review follow up. KPMG have been engaged to complete some work to achieve the GDPR requirements.</p>
36	<p>Failure to respond positively and effectively to the required outcomes of the Grenfell Tower enquiry once known.</p> <p>Lead: Corporate Director, Place</p>	Low/ Medium	<p>Project plan produced for all programmes of works required to investigate cladding systems and any associated remedial works to further enhance existing fire safety measures.</p> <ul style="list-style-type: none"> Programme to fit Sprinkler systems to 213 high rise blocks over a 3 year period starting 1/4/18 	<p>Target risk rating: Low/Low</p> <p>Anticipated date of attainment of the target risk rating: 2019/20 financial year.</p> <p>Source(s) of assurance regarding progress with mitigating the risk: Housing/West Midlands Fire Service</p>	<p>O&S – Members of the Housing and Neighbourhoods O&S Committee have noted the need to consider the outcomes of the inquiry and to address any issues pertinent to</p>

Statutory Responsibilities / Compliance with Statutory Responsibilities					
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	Owner: Rob James		<ul style="list-style-type: none"> • Programme to carry out fire risk assessments to all communal areas annually <p>Programme of work underway to ensure tower block tenants understand fire safety measures and how to respond in the event of an emergency, including:</p> <ul style="list-style-type: none"> • Fire safety campaign – completion April 2018 • Fire awareness visits – completion autumn 2018 <p>Other actions include:-</p> <ol style="list-style-type: none"> a) Resilience processes review – completion autumn 2018 b) Night security service expansion c) Vulnerable persons review – completion autumn 2018 <p>Approached Government for grant funding for the installation of sprinkler systems</p> <p>Continuing to develop an approach to the installation of sprinkler systems in Council flats. Currently</p>		<p>Birmingham.</p> <p>IA Review – Proactive work to produce a fire risk index</p>

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			<p>trialling installations in three blocks of different designs across the City. Have consulted with City Housing Liaison Board, Sheltered Housing Liaison Board and have arranged to consult with tenant management organisations and leaseholders board. All staff in housing management and repairs and maintenance have been briefed with regard to the sprinkler programme.</p> <p>Cabinet Member has been briefed on progress and a further report will be submitted to Cabinet Member in 4 weeks</p>		
37	<p>Homelessness Reduction Act – Insufficient council resources to meet the requirements of the Act fully.</p> <p>Lead Corporate Director, Place Owner: Rob James</p>	Medium/ High	<p>Implementation Plan to ensure compliance has been produced and consists of the following key work streams;</p> <ul style="list-style-type: none"> Redesign the Housing Option Service Awareness and Training (Staff, Trade Unions and Elected Members) IT systems to be developed with Councils IT Fixture providers. Accommodation, additional accommodation for 	<p>Target risk rating: Medium/High</p> <p>Anticipated date of attainment of the target risk rating: April 2018 for initial implementation but further work over the next 12 months.</p> <p>Source(s) of assurance regarding progress with mitigating the risk: MHCLG</p>	<p>O&S: session on response to the Act (implementation plan) held in February 2018</p> <p>An update on the impact of the implementation of the Homelessness Reduction Act is scheduled for the December meeting of the</p>

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			<p>staff, communication plan being produced.</p> <ul style="list-style-type: none"> Temporary Accommodation Services will require a complete review to reduce the Council's reliance on temporary accommodation moving to preventative measures. Report presented to EMT on 23rd January 2018. Cabinet Report March 2018 		<p>Housing and Neighbourhoods O&S Committee.</p> <p>Audit: 2017/18 Housing Options Service IA Review planned for 2018/19 in February 2019</p>

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC

No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
29	<p>Not developing sufficiently robust plans to support setting a balanced budget (including in the medium term), and not containing net spending within the approved budget</p> <p>Lead: Corporate Director Finance and Governance. Owner: Steve Powell</p>	High/High	<p>Lead Director comment</p> <ul style="list-style-type: none"> Delivery of the budget and savings programme is being closely monitored, by CMT and ECMT to review delivery and to identify mitigating actions. This includes the future years' dimension as well as the in-year position. There are regular reports to Cabinet and to the Resources Overview & Scrutiny Committee. Corporate Directors have clear accountability for the delivery of savings in their directorates and this includes attendance at monthly meetings with the Cabinet Member for Finance. The Council's LTFP is refreshed regularly to take account of latest information, including savings delivery issues. Plans for 2018/19 and later years were revised accordingly, and work is in progress ie. in planning for 2019/20 onwards, linked to the Council's policy priorities and the development of the performance management arrangements. This will better integrate revenue and capital financial planning. 	<p>Target risk rating: Low / Significant</p> <p>Anticipated date of attainment of the target risk rating: Ongoing.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Planned activities to further mitigate this risk:</p> <ul style="list-style-type: none"> There is close monitoring of the delivery of the Budget and additional governance arrangements have been introduced. The Council has a risk management strategy to address issues relating to difficulties in the delivery of the savings programme. There is a clear focus on the development of robust consultation and implementation plans for all savings. <p>There is focus on the project management of the savings programme. The Council maintains a medium term</p>	<p>O&S - A Resources O&S Committee has been set up to scrutinise budget matters with the Deputy Leader.</p> <p>Resources O&S is scrutinising budget matters on an ongoing basis and flagging up areas of concern as appropriate. Where concerns are identified relevant scrutiny committees will scrutinise impact on specific service areas including impact on services of in-year mitigations.</p> <p>IA Review 2017/18: Financial Control Review.</p>

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
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			<ul style="list-style-type: none"> • More robust arrangements for the programme and project management of the delivery of savings have been introduced • Proposals will be subject to corporate public consultation commencing following Cabinet approval on 13 November 2018 and more specific engagement and consultation also take place where appropriate. • The Council holds reserves as part of its risk management strategy, but plans are being developed that will not assume reliance on these. • Long-term collection rates for principal sources of income, together with any expected surplus/deficit in the Collection Fund for business rates and council tax, are taken into account in setting budgets. Rigorous action is taken to pursue outstanding debts wherever possible. 	<p>perspective in its financial plans - spending, savings and resources.</p> <ul style="list-style-type: none"> • The Council is moving to a more integrated planning and performance management approach. 	

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
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15	<p>Risk of not recognising the need to divest of costly property assets in radical new solutions to reframe service delivery; driving out property for disposal, but beyond capital receipt generation, ultimately solutions should deliver innovative and appropriate reductions in future revenue operating costs.</p> <p>Lead: Corporate Director, Economy</p> <p>Owner: Alex Grey</p>	Significant / Medium	<p>Lead Director comment</p> <p>Risk mitigated by:</p> <ul style="list-style-type: none"> • The approval of a new corporate Property Strategy (to be considered by Cabinet in late 2018) with a key emphasis on the Operational Portfolio, including reducing the level of directly managed stock in order to retain a smaller, multi-faceted, well-maintained estate • The current rounds of budget proposals for FY19/20 onwards contain a number of property rationalisation propositions across the service areas as part of the contributions to future years cost reductions. This includes the Public Hubs Programme which will remodel and reduce the Council's fromline estate. • Through the recommendations of the Property Strategy services will need to articulate their medium term asset plans and associated utilisation / resourcing which in turn will be subject to critical appraisal by the Property & Assets 	<p>Target risk rating: Medium / Low</p> <p>Anticipated date of attainment of the target risk rating: April 2018. Ongoing and subject to potentially, significant change driven by BCC corporate business plan (this is currently "continuously changing in the short term").</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Management assurance.</p>	<p>O&S - None.</p> <p>IA Review - None.</p>

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
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			<p>Board.</p> <ul style="list-style-type: none"> To assist with property rationalisation alongside future service planning and development programmes, a Property Services Business Partner role has been established with the Place Directorate. The Corporate Landlord service has continued to deliver the facilitation of delivery of further organisation changes e.g. Service Birmingham and the Contact Centre. Continued development of the corporate property database (Techforge) - information and systems development continues to progress as planned and the additional functionality is being applied in the management of repairs and maintenance costs, provision of information and analysis to inform strategic decision making, etc. <p>The 'Smarter Working' project is intended to increase agility and bring further organisation and management culture change across the Council. A key outcome will be further rationalisation of the</p>		

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			Central Administration Buildings portfolio.		
38	<p>To manage the Enterprise Zone Programme in line with its delivery plan.</p> <p>Risk of under achieving: potential business rates income, economic growth, and outputs/achievements.</p> <p>Risk of reputational damage to BCC</p> <p>Lead: Corporate Director, Economy</p>	<p>Medium/High</p> <p>Reduced due to update provided</p>	<p>Lead Director comment</p> <p>Monitor development on EZ sites.</p> <p>Monitor and manage the EZ financial model with finance, using approved financial principles, measure business rates uplift to ensure programme affordability and delivery.</p> <p>Collate programme output achievements. Procure a Programme Monitoring Database.</p> <p>Report quarterly performance and updates to Programme Delivery Board / GBSLEP Board meetings.</p> <p>Annual Delivery Plan Schedules</p> <p>The EZ model continues to be monitored and updated to reflect development activity that supports business rate growth.</p> <p>Appropriate contingencies remain in place to mitigate the impact of business rate growth not being sufficient to repay borrowing commitments.</p> <p>The GBSLEP has responsibility for the performance management of the EZ and a review of the monitoring</p>	<p>Target risk rating: Medium/Significant</p> <p>Anticipated date of attainment of the target risk rating: Ongoing</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>To further improve the programmes due diligence including the ability to measure value for money of funding applications</p>	<p>Internal Audit 2018/19: Work on Enterprise Zones Final Report issued 03/04/18, Follow Up planned for later in year.</p>

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC

No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			<p>systems is underway. All new projects will be subject to the GBSLEP Assurance requirements which align with the existing arrangements for the Local Growth Fund.</p> <p>A health check of EZ projects has been commissioned to identify any key delivery risks.</p>		
41	<p>School Deficits</p> <p>National funding arrangements have resulted in real term funding reductions which coupled with rising costs means that there is a risk that increasingly, schools are not able to run balanced budgets:-</p> <p>-There is the potential that some schools may build up deficits which cannot be cleared and which ultimately may need to be met by BCC</p> <p>In addition there is a pressure on the high needs</p>	High/High	<p>Maintained schools are facing significant pressures on funding. As of 31-3-18 the number of schools in deficit compared to a year ago has increased by 5 to 37 (14% of the total number of LA maintained schools) but the cumulative value of deficits has reduced to £10,964k. If a school is issued with a directive academy order then any deficits at the point of conversion may become the responsibility of the local authority. (Any school converting with a surplus may retain this)</p> <p>Separately</p> <p>Even after allowing for a cumulative high needs deficit brought forward from 2017/18 of £13.8m, Indications are that there will continue to be extremely challenging budget pressures in 2018/19.</p> <p>Guidance notes on financial expectations sent out to schools.</p>	<p>Target Risk Rating: Significant/Medium</p> <p>Anticipated date of attainment of target risk rating: March 2019</p> <p>Source of assurance regarding progress with mitigating the risk from school deficits:</p> <ul style="list-style-type: none"> - Schools Financial Governance Group set up to co-ordinate support and challenge to schools. - Schools financial monitoring procedures to be reinforced with requirement that these are reported to ALL Governors. - Earlier use of financial warning notices where there are financial concerns. 	<p>IA 2018/19: Work completed last year looking at schools financial management, we are working with the Directorate on their response. A second piece of work on this area planned for quarter 2. Schools work programme adjusted to take account of schools financial management, and a number of schools themed jobs planned during.</p>

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC

No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	<p>block which centrally supports places for children with SEND.</p> <p>Anne Ainsworth Owners: Assistant Director – Education Safeguarding - Julie Young / Assistant Director SEND – Sharon Scott</p> <p>Update provided by Risk Rep 13/9/18 and 30/10/18.</p>		<p>Further warning notices sent out to schools with concerns requesting action is taken.</p> <p>Ongoing work around SEND in line with recent Ofsted inspection. This will include review of SEND Strategy and building on the initial priorities.</p> <p>Meeting with DfE and NHS advisors on 10 October to discuss requirements for the required Written Statement of Action for Birmingham.</p> <p>Monthly meeting of the schools financial governance group to co-ordinate action and identify early concerns (met 24 October). This group is also being used to focus audit activity on schools causing concern</p> <p>First audit report on schools financial management published and further work underway.</p> <p>Revision of the audit inspection framework for schools to be used from the beginning of November with a stronger focus on financial processes and strategic financial planning</p> <p>On going schools causing concern meetings taking</p>	<p>Intervention considered as appropriate inc. removal of cheque book facility to the removal of governing body and replacement with an Interim Executive Board</p> <ul style="list-style-type: none"> - Collaboration with Regional schools Commissioner to ensure swift action taken to address school improvement requirements by identifying a Sponsor early to then maximise the impact of additional investment in school improvement. - Initial Audit review carried out with findings being adopted and second review to be set up to include more detailed stress testing of schools ability to cope with further cuts in funding. - More targeted audits of schools - Maintaining an in year balanced budget for placements. 	

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
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			place and financial concerns are being fed into this work	<ul style="list-style-type: none"> - Looking to address any pressures with possible mitigations coming from potential underspends. <p>Source of assurance regarding progress with mitigating the risk from high needs block:</p> <p>In the longer term CYP will implement the SEND and Inclusion Strategy's following three strands to reconfigure the provision funded from the high needs block and alleviate pressure on the budget:</p> <ol style="list-style-type: none"> 1. Develop a framework of SEND assessment and planning from 0-25 years to enable professionals and partners to meet the full range of individual need and raise achievement. 2. Ensure there is a sufficient and appropriate range of quality provision to meet the needs of children and young people with SEND aged 0-25 years and improve outcomes from early years to adulthood and minimising dependence on high cost independent placements. 3. Develop a unified resource allocation system to distribute the range of SEND funding across all schools and settings in order 	

Financial Resilience - Risks associated with austerity and the financial challenges facing BCC					
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				to make the most effective use of available resources and maximise the impact on outcomes for young people.	

Political - Risks driven by the political agenda					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work

None.

Technology					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
16	<p>There is a risk that web services to customers or work with partners may be disrupted by malicious attacks on the City Council's web based services.</p> <p>Lead: Chief Operating Officer Owner: Peter Bishop</p>	Significant / Medium	<p>Lead Director comment</p> <p>The following control measures are routinely taken by the Council's Information, Technology and Digital Services Team:</p> <ul style="list-style-type: none"> Continuously scan the information security landscape with partners to detect upcoming and new vulnerabilities which could be exploited by potential hackers. This ensures that SB are aware of all risk posed by different intrusion methods. Have updated the Council's firewalls and introduced Intrusion Prevention Services as part of the firewall implementation. This means the firewalls are receiving regular updates from the supplier to detect new and evolving types of security attack. The firewalls detect and defeat many thousands of attacks every day. Have implemented a cloud based Distributed Denial of Service system that defends four of the Council's main websites from high volume attacks where hackers are trying to flood the Council's websites with requests for service. This service regularly defends the Council's web sites from attackers and the contract is currently 	<p>Target risk rating: Low / Medium</p> <p>Anticipated date of attainment of the target risk rating: Ongoing - this risk can only ever be mitigated, and never fully closed due to the nature of hacking etc.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <ul style="list-style-type: none"> The Council are now transmitting sensitive data securely through the PSN secure infrastructure together with the improvements / enhancements made to the firewalls. BCC has successfully passed its PSN accreditation. Service Birmingham, on behalf of the Council, is constantly monitoring the information security landscape with solution providers to detect upcoming and new vulnerabilities which could be exploited by potential hackers. 	<p>O&S - Referenced in the Scrutiny Inquiry 'Refreshing the Partnership: Service Birmingham' (presented to Council in June 2015).</p>

Technology					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			<p>being renewed.</p> <ul style="list-style-type: none"> Have implemented the PSN walled garden which has enhanced the security of all users accessing web based government systems. PSN services have been remodelled and are currently being monitored to ensure secure transmission. <p>The management of cyber risks within BCC will form part of the security strategy and responsibilities clearly defined. The ICF will ensure that the cyber risk investment strategy is aligned to, and supports strategic priorities.</p> <p>There is improved reporting of cyber risks and security incidents which will be presented to the Corporate Information Security Group bi-monthly. This will ensure BCC are fully aware of potential regulatory & legal exposures and can assess the implications for future investment decisions.</p> <p>This is an acknowledged ongoing risk that should remain on the CRR. For reference a PSN Compliance Certificate was issued to Birmingham City Council on 27/03/18.</p>	<ul style="list-style-type: none"> Given the nature of this risk these activities are now being kept under constant review. The next health check (a mandatory requirement of PSN) has recently been completed. 	
17	Ineffective Corporate Risk Marker IT solution.	Low / Medium	<p>Lead Director comment</p> <p>Paper went to CLT on 18th January 2018, explaining how it worked currently and what the issues were around funding</p>	<p>Target risk rating: Low / Medium</p> <p>Anticipated date of attainment of the target</p>	<p>O&S - None.</p> <p>IA Review - None.</p>

Technology					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	Lead: Corporate Director – Strategic Services Owner: Dawn Hewins		<p>the costs of accessing the register, including a suggestion we bring the budget together centrally so people don't feel they can't afford to do it. There were a number of actions from CLT, including that: 1) CLT approve the use of the Data Warehouse as a mandatory requirement to check risk markers prior to any visits being undertaken by BCC employees to both domestic properties and businesses 2) CLT will review the funding of the Data Warehouse as part of the Councils long term financial plan to ensure that the risks associated with failure to comply are minimised and that the data warehouse continues to be available for use across the council 3) CLT will identify the appropriate Director to be the named officer responsible for the risk marker solution (currently this is the director of HR) 4) CLT will require the safety manager to draft the appropriate guidelines for usage of the risk marker solution by employees and managers prior to any visits being undertaken.</p> <p>A further report is to be bought back to CLT.</p>	<p>risk rating: December 2018 further work on effective access is required</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Management assurance.</p> <p>Currently the data warehouse pulls in the risk markers from CRM, Housing, MAPSS and CareFirst. Any user of the warehouse that searches a relevant name or address will have the respective risk markers presented to them. The risk markers not only relate to health and safety but child / vulnerable adult safeguarding too.</p> <p>The Audit team are in the process of creating an Intelligence Network across the City for anyone who has an investigative, enforcement or regulatory element to their role; or are likely to have some contact with the public. However there remain challenges regarding balancing the need for timely access by a large number of staff and the requirement to ensure sufficient security of the sensitive data. Further work on this is required</p>	

Technology					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S)Review / Work & Internal Audit (IA) Work
				<p>Council Tax, Business Rates and Rents have a risk marker on their respective systems; this risk marker is extracted and added to the data warehouse.</p> <p>Monitoring the use of the IT system by Corporate Safety Services.</p> <p>Guidance for employees will be completed once surety of access for all required has been secured</p>	

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S)Review / Work & Internal Audit (IA) Work
7	Lack of capacity and capability to respond to threat of industrial action, employee relations tensions, poor service, performance issues, sickness absence levels and poor morale due	Significant / Significant	<p>Lead Director comment</p> <p>Collective agreement has been reached on a package of measures that will secure required reduction in the cost of employment for 2017/18, 2018/19 and 2019/20. This has greatly diminished the likelihood of action on a widespread basis. The proposed national pay award is more generous</p>	<p>Target risk rating: Low / Medium</p> <p>Anticipated date of attainment of the target risk rating: Ongoing.</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p>	O&S - The Corporate Resources OSC received an update from the Deputy Leader and senior HR officers at a briefing in September 2017.

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	<p>to organisational downsizing and pay freezes.</p> <p>Lead: Director of Human Resources</p> <p>Owner: Claire Ward</p>		<p>than originally anticipated and unlikely to elicit national action.</p> <p>There are a number of localised disputes that could result in further service specific industrial action</p> <p>Council wide attendance levels are stable.</p> <p>There have been localised disputes in recent months. One of which has resulted in a series of strike actions. The Council is using non binding mediation as a means of seeking to resolve this matter.</p> <p>There are business continuity plans in place in readiness for industrial action. Bespoke HR support is being provided to identify high risk areas. However contingency plans need testing. A monthly review of Industrial Relations disputes is happening ensuring that we have Council wide oversight and a consistency of approach.</p> <p>Agreement has been reached on an implementation plan for the Waste management MOU and has now been activated.</p> <p>There are a small handful of individual challenges to the implementation but these are being handled via the business as usual processes. There has been demonstrable commitment from the workforce and their trade union representatives to ensure successful</p>	<p>Following significant employee engagement and collective consultation and negotiation with the trade unions, we have reached a collective agreement with the trade unions regarding the workforce savings proposals. Therefore there is now a low likelihood of industrial action in relation to these changes.</p> <p>Expert HR support is being provided to areas experiencing significant employee relations challenges relating to service redesign and headcount reduction.</p> <p>There continues to be regular and positive engagement and dialogue with the trade unions at a corporate and regional level as appropriate</p>	<p>IA Review - None.</p>

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
			<p>implementation.</p> <p>The announcement of the intention to withdraw from nursery provision and close the Council's 14 Day Nurseries is likely to result in localised but vigorous industrial action within this service area.</p>		
10	<p>Not responding fully and effectively to the recommendations made in the Kerslake Report and implementing the Future Council Programme.</p> <p>Lead Assistant Chief Executive Jonathan Tew</p>	Medium / Significant	<p>Monthly meetings have continued with MHCLG and the BIIP in July and August with a proactive approach to updating / sharing monthly finance summaries, performance management and Corporate Governance Plan documents.</p> <p>Collaboration workshops are now in place between BCC and the BIIP on development issues such as performance management, homelessness and skills.</p> <p>Ongoing productive monthly sessions with the BIIP and MHCLG throughout August and September 2018.</p> <p>The Secretary of State has published, in September 2018, a letter endorsing the Council's published stock-take report and clarifying the importance of the planned budget strategy.</p>	<p>Target risk rating: Low / Significant</p> <p>Anticipated date of attainment of the target risk rating: March 2019</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>The collaborative approach between BCC and the BIIP is now established through the joint editorial against documents released in June 2018. That represented a crucial milestone against our original plan for 2018-19. Monthly meetings (with BCC represented by the Leader, Deputy, Chief Executive, Assistant Chief Executive and CFO) will now embed this way of working and will also provide a monthly opportunity to review the status of this risk.</p> <p>It is clear that the BIIP and MHCLG will come to a view in March 2019 about the future</p>	<p>The Leader and Deputy Leader will report to the O&S co-ordinating committee on a monthly basis, where our improvement planning will be essentially a standing item. The first such session was in June 2018.</p> <p>Similarly, the Resources O&S committee will, less frequently, consider the implications of BIIP challenge against that provided by external audit. The first such session will be in July 2018.</p>

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
				degree of intervention in BCC and that would be a rationale point at which to formally review this risk.	
18	<p>Evaluation of Alternative Delivery Models</p> <p>a) Failure to adequately identify and agree the costs and benefits of alternative delivery models arising from Service Reviews before the decision to proceed is made.</p> <p>b) Failure to fully implement the decisions taken to change the service model to enable delivery of expected benefits / efficiency gains.</p>	Medium/Medium	<p>Lead Director comment</p> <p>Any alternative delivery model must demonstrate some benefit and better value for the Council. There needs to be the early identification of all costs, benefits, losses/impacts as part of the formulation and evaluation of options in the development of the business case.</p> <p>The financial implications of any change against the existing model need to be evaluated on a case by case basis, seeking specialist advice where necessary to inform recommendations. The evaluation should be proportionate to the value and complexity of the service and the assumptions and level of confidence will need to be made clear in order to avoid over-engineering financial modelling.</p> <p>The Finance Business Partners will provide the necessary skills for the project requirements, as follows:</p> <ul style="list-style-type: none"> All costs and income of the proposed model as compared with existing, together with some sensitivity and risk analysis. remaining costs to BCC (e.g. fixed overheads, 	<p>Target risk rating: Medium / Low</p> <p>Anticipated date of attainment of the target risk rating: As soon as possible</p> <p>Source(s) of assurance regarding progress with mitigating the risk: Management assurance - reports to CMT, notes and actions from CCMB agenda. Dialogue with directorate lead commissioners. Finance to be embedded in commissioning reviews.</p> <p>Commissioning expertise established in CPS to ensure best practice is applied across the Council.</p> <p>Risk will be managed on a case by case basis through proper use of the Commissioning Toolkit, and through reviews supported by the Finance Business Partners.</p> <p>Working with Finance Business partners on forthcoming commissioning projects</p>	<p>O&S - Corporate Resources and Governance O&S Committee undertaking overview of procurement strategy for DCFM services.</p> <p>IA Reviews 2016/17: Acivico Contract Monitoring - Overall delivery of Contract and Contracts & Procurement Summary Report 2015/16. Acivico Contract Monitoring - Final Accounts Process.</p> <p>IA Review 2017/18: Acivico Review of Business Continuity Arrangements.</p>

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S) Review / Work & Internal Audit (IA) Work
	Lead: Relevant Chief Officers Owner: Mike Smith		income targets, resource requirements etc.) <ul style="list-style-type: none"> any costs/benefits to customers/residents who are the recipients of the service <p>These risks/costs need to be presented to and managed by the Commissioning and Contract Management Board (CCMB)/CMT and included in any cabinet reports.</p>	CPS will establish templates and guidance for the level of financial detail required to inform decisions. Projects identified are Birmingham City Laboratories, Civic Catering and Cleaning. The risk is now Med/Med while these projects are being considered.	
44	Allowance payments. Lead: Chief Operating Officer Strategic Services Owner: Claire Ward	Medium / Medium	Lead Director comment The bulk of unpaid allowances claims have been successfully managed by HR and Legal Services on a case by case basis. As new case law is decided challenges to payments have arisen including: <ul style="list-style-type: none"> Holiday pay – there are some new claims Sleeping in allowance - case law remains ambiguous so at this point all claims are on hold. Travel time - currently a subject of internal challenge, 	Target risk rating: Medium / Medium Anticipated date of attainment of the target risk rating: Attained. Source(s) of assurance regarding progress with mitigating the risk: Management assurance. All new claims for allowances are being assessed on their merits and defended wherever practical.	O&S - None. IA Review – Reviewing allowances relating to Payment of Language Supplement, Temporary Night Allowance, Tool Allowance, Disturbance Allowance and Laundry Allowance.

Transformation					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S)Review / Work & Internal Audit (IA) Work
			but may become a matter for Employment Tribunal.	Use of overtime is being monitored on a monthly basis, with Strategic Directors taking responsibility for addressing any areas of concern. There is a Governance Board monitoring any potential high risk claims.	

Service Delivery					
No.	Description - risk / issue	Current level of risk L/I	Current actions / Comments	Long term aim for the risk - including actions, timescales and target risk rating	Overview & Scrutiny (O&S)Review / Work & Internal Audit (IA) Work
6	Failure to meet the council's objectives going forward with the Highway Maintenance and Management PFI contract. these are to:	High/Significant	Lead Director comment The council has made extensive effort to resolve issues with Amey informally and through various stages of the contractual Dispute Resolution procedure since April 2014. It has numerous disputes relating to non-delivery of	Target risk rating: Low / Significant Anticipated date of attainment of the target risk rating:	O&S - Economy, Skills and Transport OSC discussed with Cabinet Member at Committee on 22 nd

	<p>i. Obtain the investment for which we are paying;</p> <p>ii. Retain the capacity and financial support from government;</p> <p>iii. Ensure we manage the contract and only pay for what we receive; and</p> <p>iv. Develop a way forward that will enable us to have confidence in future delivery.</p> <p>Lead: Corporate Director, Economy</p>		<p>investment, non-performance and delivery of previous settlement requirements.</p> <p>To fully resolve this matter requires a number of complex issues to be resolved, including payments, programming of work and assurance of delivery to the appropriate standards.</p> <p>We are considering the appropriate way forward that meets the council's objectives and are discussing this with the project lenders and SPV Board. At the same time, we are taking steps to recover money payable to the council, establish the condition of the network, continue to manage the contract and defend our position in disputes.</p>	<p>At this stage it is not possible to confirm this. It is proposed to bring a further decision on the way forward to Cabinet in late 2018 / early 2019</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>External legal advice and representation has been engaged.</p> <p>Department for Transport (as the sponsoring government department) is also fully engaged.</p>	<p>September 2016. Private briefing sessions have been held for members, most recently in March 2018</p> <p>O&S – The Sustainability & Transport Committee received a briefing on the current position in line with the cabinet report agreed in July 2018 at their meeting on 13th September 2018.</p> <p>IA Review 2016/17: Highways PFI.</p>
39	<p>HS2</p> <p>Delivery of HS2 following Royal Assent of HS2 Act. BCC role to help facilitate delivery of new railway (including Curzon Station and depot). Maximise</p>	<p>Significant / Significant</p>	<p>Lead Director comment</p> <p>HS2 Ltd is the government's delivery body for the new high speed railway.</p> <p>HS2 governance established including regular meetings on individual projects (station, depot etc.)</p>	<p>Target risk rating: Medium/Medium</p> <p>Anticipated date of attainment of the target risk rating: Ongoing</p> <p>Source(s) of assurance regarding progress</p>	<p>None.</p>

	<p>benefits for City and minimise / mitigate impact during construction.</p> <p>Lead: Corporate Director, Economy Owner: Waheed Nazir</p>	<p>Regular meetings with HS2 Ltd including HS2's planning team regarding programme for Schedule 17 applications and other consents.</p> <p>New burdens on local authority recognised by HS2. Service Level Agreement (SLA) has been completed and signed.</p> <p>On-going meetings and joint working with HS2.</p> <p>Internal meeting established at Directorate level to co-ordinate and support work and address any issues.</p> <p>Joint working with HS2 is ongoing to develop the design of the station, including the public realm, which will create a world class arrival to the city, whilst also improving connectivity to the wider area that will maximise the economic impact of HS2.</p> <p>Consultation has taken place with Planning Committee and senior BCC officers regarding the design of the Curzon Station.</p> <p>Additional funding has been provided by HS2 to improve the design over and above the base scheme developed through the HS2 Act.</p> <p>The SLA is now signed to provide the appropriate resources needed to meet the requirements for Schedule 17 etc.</p> <p>Pre applications on-going regarding the number of schedule 17 planning applications.</p> <p>Time sheets for actions covered by SLA to be</p>	<p>with mitigating the risk: On-going meetings and joint working with HS2.</p> <p>Internal meeting established at Directorate level to co-ordinate and support work and address any issues.</p>	
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			<p>submitted to HS2 covering the period from April 2017.</p> <p>Curzon Station design has now been launched publicly and HS2 are holding a series of consultation events on the design.</p>		
40	<p>Commonwealth Games – Athletes’ Village</p> <p>Delivery of the Athletes’ Village dependant on funding & acquisition of land in addition to potential changes to sporting schedules affecting villages capacity to accommodate athletes.</p> <p>Lead – Corporate Director, Economy Owner: Waheed Nazir</p>	Medium/ Medium	<p>Lead Director comment</p> <p>Funding First phase approval for the HIF Bid has now been given, BCC officers now need to contribute to the development of the WMCA business case (the umbrella bid under which the BCC HIF bid falls). Decision on funding from Government required in September.</p> <p>Land Compulsory Purchase Orders will be used to support the delivery of the Village.</p> <p>Changes to Sporting Schedule Identify potential options for suitable additional accommodation. Flag the risks and consequences of adding additional events to Senior Officers/Members.</p> <p>Government funding for the regeneration proposals has now been confirmed, which ensures that the majority of necessary external funding is now confirmed.</p> <p>Activity to deliver early elements of the regeneration of the area (principally demolition and site acquisitions) continues to be delivered within approved budget levels.</p>	<p>Target risk rating: Medium/Medium</p> <p>Anticipated date of attainment of the target risk rating: Ongoing</p> <p>Source(s) of assurance regarding progress with mitigating the risk:</p> <p>Funding BCC officers working with WMCA to develop the FBC. Engagement with Government through WMCA re: timescales.</p> <p>Land Land required for residential element of the Village acquired. CPO progressing to agreed timeline.</p> <p>HCA are keen to be involved and have been providing advice to the City Council in relation to planning and delivery.</p> <p>Changes to Sporting Schedule A final date for adding events needs to be agreed and clearly communicated with politicians.</p> <p>The Village will be built to accommodate 6500, that number being inclusive of Games</p>	<p>O&S – The Economy & Skills Committee received a briefing on the economic impact of the CWG village at their meeting on 10th October 2018.</p> <p>IA: None.</p>

				Officials, so if additional athletes are scheduled, Officials could be relocated. Student accommodation has been retained to account for additional influx.	
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Removed Risks:

Ref No.	Risk description	Reason for removal	Date removed
53	Inadequate or ineffective corporate control of non-core IT spend.	Merged with risk 52 to become: Insufficient in-house IT expertise within Directorates & Inadequate or ineffective corporate control of non-core IT spend.	July 2013
5	Safer recruitment.	Had been at target level of risk for over 12 months, will be managed locally in future.	July 2013
36	Council Tax Rebate scheme.	The Council Tax Rebate scheme has been adopted by Full Council and was implemented with effect from 1/4/2013.	July 2013
49	Delivery of Business Charter for Social Responsibilities.	Cabinet reports and policies for Social Value: The Charter and Living Wage were approved by Cabinet in April 2013.	July 2013
43	Implications to BCC regarding decision making due to the provisions within the Localism Act and need to respond to community approaches under the Act.	This issue has been assessed as having met the target level of risk (Low likelihood and Medium impact) since May 2013. Corporate Resources and Development & Culture Directorates to continue to monitor locally.	November 2013
4	Need to achieve the full benefits from the whole business transformation programme - including financial and non-financial benefits.	The risk has been fully mitigated and is assessed as being a low likelihood and low impact. The financial challenge going forward is covered within Risk 28 "On-going reduction in government grants resulting in a shortfall in resources compared to projections from 2013/14".	March 2014
1d	Failure to successfully settle pay & grading and allowances equal pay claims.	The issues will be addressed within risks 1a - 1c & 44.	July 2014
26	Failure to utilise resources well in jointly working with the NHS to reduce delayed discharges as measured by National Performance Indicator ASCOF2C.	No Birmingham hospitals are now fining the Council for delayed transfers of care activity, and Members are supportive of the progress made and sustained.	July 2014
48	Delivery of new Public Health responsibilities.	All of the actions relating to the transition of Public Health have been actioned.	July 2014

APPENDIX A

Ref No.	Risk description	Reason for removal	Date removed
20	Demonstration of benefits arising from Customer First.	All of the actions for 2014/15 are being put in place, ie: Launch of the new Housing Repairs functionality which was delayed from last year, re-design of the website, promotion of self service, improvements to online forms, etc.	November 2014
25	Production of timely & accurate IFRS Final Accounts.	The accounts were submitted on 30 th June 2014.	November 2014
51	Service Birmingham support provided to the SAP HR and payroll system.	There has been significant progress against an agreed improvement plan and the service is now significantly more stable.	November 2014
2015/16.08	Insufficient resources (finance & people) to agree / deliver the change programme.	Cabinet approved a report on 20 th April 2015 that set out the Children's Social Care and Early Help Improvement Plan for 2016-2018, including the appropriate financial envelope for the plan.	July 2015
2015/16.25	Supply chain failure by reason of supplier withdrawal, liquidation or contract non-compliance.	Following identification of this risk, processes and procedures were developed and rolled out to key contract managers across the organisation with supply chain risk assessments being completed by suppliers. The supply chain risk assessment process is now captured as an annual activity within the supplier annual reviews and the Council's contract management toolkit.	July 2015
2015/16.26	PSN resubmission.	The Council has successfully retained PSN submission till April 2016.	July 2015
2015/16.27	Financial implications of failing to meet obligations regarding climate change and sustainability - carbon tax cost.	We have made four submissions out of four without issue (and passed an Environment Agency Audit in 2011), giving a 100% success record. The 2014/15 return is progressing normally.	July 2015
2015/16.28	Potential for disruption to council services due to the need to transition to a new Banking Services provider with effect from 1/4/2015.	The banking transfer has been successfully concluded.	July 2015
2015/16.10 a	Resolution of contractual issues in the Highway Maintenance & Management PFI contract.	A commercial settlement signed on 18 th December 2015, resolved a number of contractual issues.	March 2016

APPENDIX A

Ref No.	Risk description	Reason for removal	Date removed
2015/16.29	Risk of Court deciding against the Council regarding the Homeless Service.	The High Court dismissed the four applications for Judicial Review.	March 2016
21 (old 35)	IT refresh / update.	The desktop refresh is progressing as business as usual, and PSN compliance means that we cannot have unsupported applications running on our network.	July 2016
23 (old 59)	Risk of enforcement action and fines of up to £500,000 by the Information Commissioners Office (ICO) for failure to comply with the 40 day timescale for responding to Subject Access Requests (SARs).	There has been considerable improvement in responding to Subject Access Requests. The Information Commissioner's Office is happy with the progress being made and are no longer monitoring the Council.	November 2016
8 (old N/A)	Risk of challenge regarding implementation of the Younger Peoples Re-Provision Programme.	The work stream is now closed, and efficiency and savings targets have been transferred to the Maximising Independence of Adults (MIA) Board.	March 2017
9 (old 57)	Failure to respond fully and effectively to the issues from recent reviews concerning school governance and related matters.	A much improved performance culture and set of arrangements are now in place for the Council's education services.	March 2017
13 (old 28)	Not planning appropriately for the on-going reduction in government grants.	This is an annual risk, but there are processes in place to manage it.	March 2017
24 (old N/A)	That the need to address the updated Pensions Deficit will result in an increase in employer contributions.	This risk crystallised in the setting of the 2017/18+ budget. The information received has been fully taken into account in the update of the Council's medium term financial plan, and in the development of savings proposals.	March 2017
28	Risk that in its early stages of delivery the Sustainability Transformation Plan (STP) will not alleviate the financial position of social care.	The Council budget from April 2017 does not make assumptions regarding this proposal contained in the previous year's budget; and is no longer a major financial risk to the organisation.	July 2017
22	Risk of fines from HMRC for Directorates employing long term consultants.	There are now processes in place for the engagement of off payroll individuals.	November 2017
27	Risk of claims for payback of search fees charged by the Council.	The potential liability is less than £160k, and this risk will be monitored via the directorate risk register.	November 2017
4	Defend and or settle pre 2008 equal pay claims	Equal pay risks have been reworded and updated and included on one risk No1.	March 2018

APPENDIX A

Ref No.	Risk description	Reason for removal	Date removed
5	Further equal pay claims	Equal pay risks have been reworded and updated and included on one risk No1.	March 2018
14	Insufficient in-house IT expertise within Directorates	Transition of Service Birmingham	March 2018
19	Delivery of Localisation Agenda	Majority of work has now progressed	March 2018
20	Allowance Payments	The bulk of unpaid allowance claims have been successfully managed by Legal Services. All other new claims are being assessed on their merits and defended wherever practical.	March 2018
3	Failure to identify alternative funding stream for school PFI contracts revenue pressures.	Immediate concern over PFI gap has been met. Longer term concerns are being evaluated.	July 2018
11	GDPR	Incorporated into one single risk on information assurance – Risk No.11	November 2018

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	AUDIT COMMITTEE
Report of:	Assistant Director, Audit & Risk Management
Date of Meeting:	20th November 2018
Subject:	Birmingham Audit - Half Year Update Report 2018/19
Wards Affected:	All

1. PURPOSE OF REPORT

- 1.1 The attached report provides Members with information on outputs and performance measures in relation to the provision of the internal audit service during the first half of 2018/19.

2. RECOMMENDATIONS

- 2.1 Members are asked to note the level of audit work and assurances provided.

3. LEGAL AND RESOURCE IMPLICATIONS

The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations 2015. The work is carried out within the approved budget.

4. RISK MANAGEMENT & EQUALITY ANALYSIS ISSUES

Risk Management is an important part of the internal control framework and an assessment of risk is a key factor in the determination of the internal audit plan.

Equality Analysis has been undertaken on all strategies, policies, functions and services used within Birmingham Audit.

5. COMPLIANCE ISSUES

City Council policies, plans and strategies have been complied with.

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Sarah Dunlavey
Assistant Director, Audit & Risk Management

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Birmingham Audit Half Year Report 2018/19

20th November 2018

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- 1. Background / Annual Opinion**
- 2. Added Value**
- 3. Performance**
- 4. Resources**
- 5. Completion of Internal Audit Plan 2018/19**
- 6. Grant Certification**

Appendix A: Reports Issued During the First Half of 2018/19

Appendix B: Summary of Significant Findings

1. Background / Annual Opinion

- 1.1 The 2018/19 audit plan was prepared in accordance with the requirements of the Public Sector Internal Audit Standards (PSIAS) and the Accounts and Audit Regulations 2015. It also had due regard for the protocol with the External Auditors and took account of responsibilities under section 151 of the Local Government Act 1972.
- 1.2 The Council continues to go through significant change. The drivers for change being both organisational and financial. During a period of change it is important that any increased business risks are identified and managed in an effective manner. The audit plan is prepared using a risk based methodology and is continually updated throughout the year, this helps to ensure that we concentrate on the most significant areas. The plan is prepared and delivered to enable me to provide an independent opinion on the adequacy and effectiveness of the systems of internal control in place (comprising risk management, corporate governance and financial control). In addition to audit reviews, the model used to formulate the end of year opinion, places reliance on assurance provided from other parties and processes. The opinion for 2018/19 will be based on the following sources of assurance:



- 1.3 The 2018/19 audit plan was approved by the Audit Committee at the March 2018 meeting. This report provides a summary of the progress made in delivering the agreed plan.

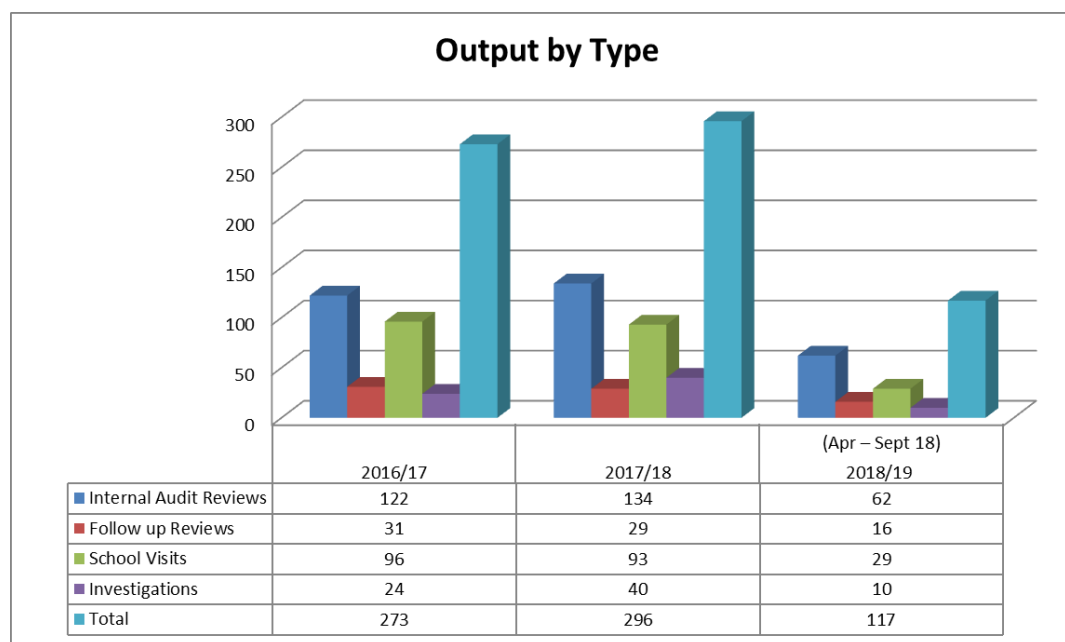
2. Added Value Services

- 2.1 Although my primary responsibility is to give an annual assurance opinion, I am also aware that for the Internal Audit service to be valued by the organisation it needs to do much more than that. There needs to be a firm focus on assisting the organisation to meet its aims and objectives and on working in an innovative and collaborative way with managers; to help identify new ways of working that will bring about service improvements and deliver efficiencies. Examples of how we have done this during the first half of 2018/19 include:
- Working with the Children's Directorate Finance & Governance Group to develop a more focussed approach to support the challenge of dealing with financial management in schools.
 - Working in collaboration with the Quality, Impact & Outcomes Sub Group (of the Birmingham Safeguarding Children Board) and the Birmingham Children's Trust to establish whether the multi-agencies involved with children subject to child protection provide their full engagement to safeguard and promote the welfare of these children.
 - Continuing to work closely with Adult Social Care and Health to ensure packages of care provided are appropriate, promote and support independence and provide a value for money service. This includes identifying areas of potential closer working with the NHS to improve discharge from hospital and identifying high cost care packages which could receive joint funding with health.
 - As a result of the Government's Serious and Organised Crime Strategy and Home Office pilots, we have undertaken a number of actions to review due diligence requirements/ processes, to better understand the threat to the Council, particularly in relation to procurement. We have contributed to the Serious and Organised Crime (SOC) in Procurement Project Group, and we have undertaken specific pieces of work to help assess the risk to the Council, and actions required to mitigate this risk, which include better liaison with external agencies. A report from the group was accepted by CMT in June.

3. Performance

3.1 Outputs

3.1.1 During the first half of 2018/19 we issued 117 final reports. A comparison to 2016/17 and 2017/18 (full years) is given in the chart below.

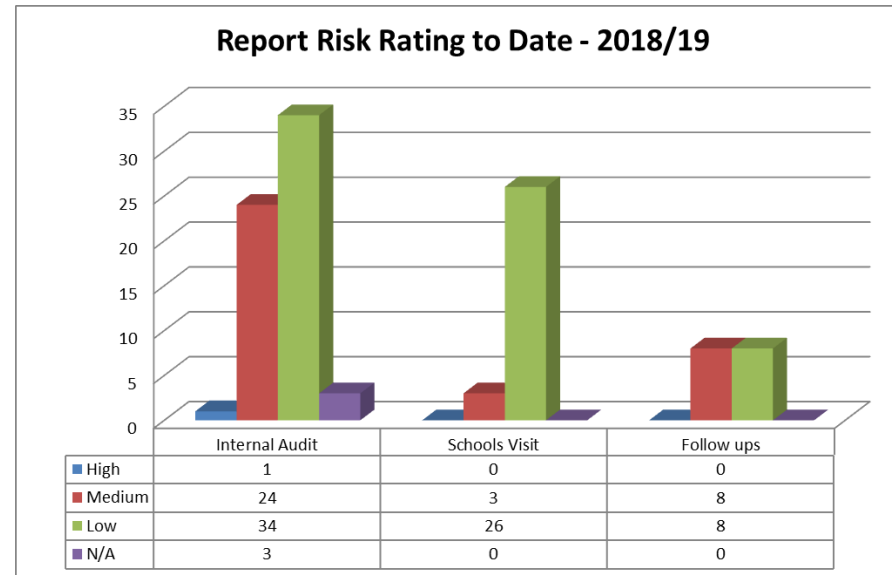
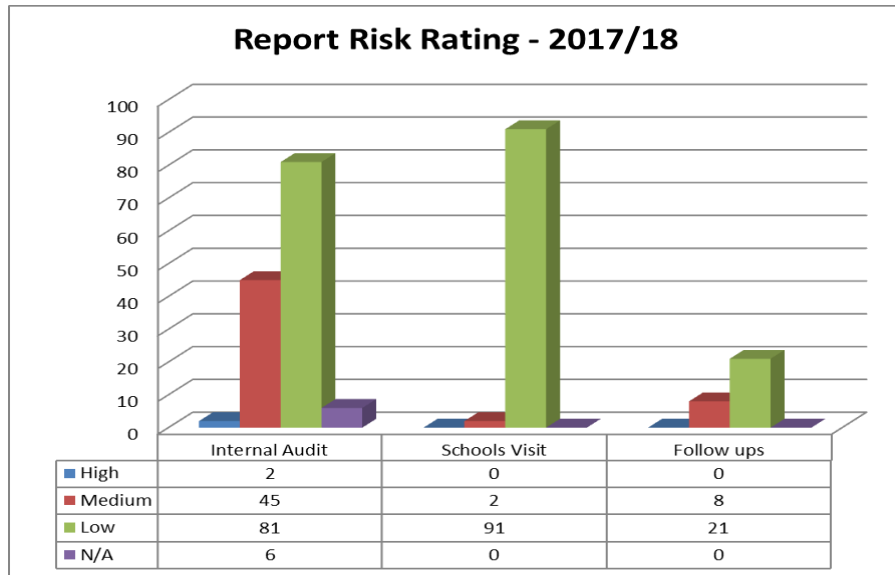


3.1.2 In accordance with the procedure for sharing Internal Audit reports, all Audit Committee Members are provided with a list of final audit reports issued each month, together with details of risk and assurance ratings. Members are able to request copies of reports and receive further information. A full list of the reports issued during the first half year, including details of how the reviews link to the Council's priority outcomes, core objective of good governance, the Corporate Risk Register, financial and business controls assurances is detailed in Appendix A.

3.1.3 Audit, school visit and follow up reports are generally given a risk rating to assist in the identification of the level of corporate significance. The key to the ratings given is:

1. Low - Non material issues.
2. Medium - High importance to the business area the report relates to, requiring prompt management attention. Not of corporate significance.
3. High - Matters which in our view are of high corporate importance, high financial materiality, significant reputation risk, likelihood of generating adverse media attention or of potential of interest to Members etc.

3.1.4 From the 107 reports (62 Internal Audit, 29 School Visits and 16 Follow up reviews) issued, 1 was given a high risk rating, 35 had a medium rating, 68 had a low rating, and 3 (relating to advice and guidance) had no risk rating. An analysis of the report risk ratings, together with a comparison to 2017/18 is given in the charts below. A summary of the significant findings from our work is detailed in Appendix B.



3.1.5 In addition to a risk rating, audit and school reports are given an opinion rating on the effectiveness of the control environment. The audit opinion ratings are:

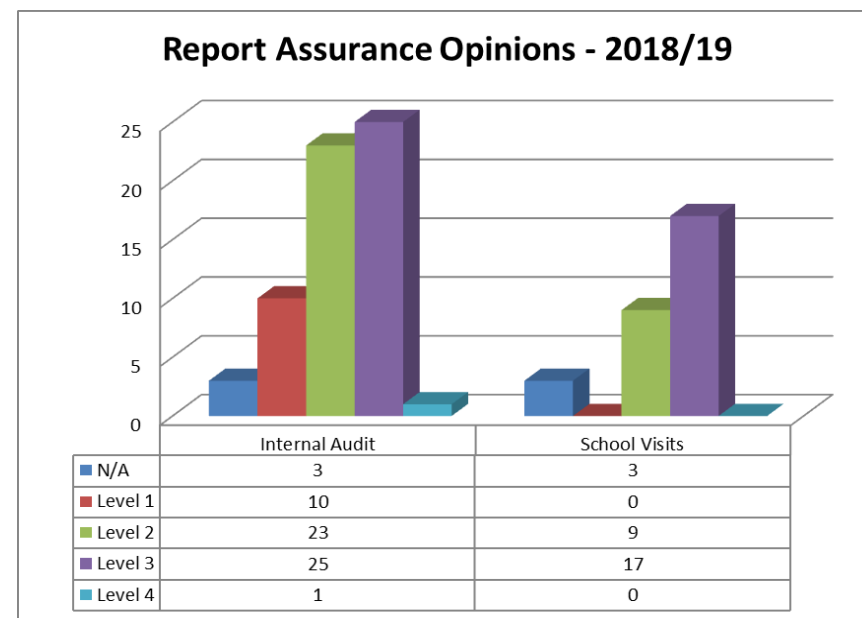
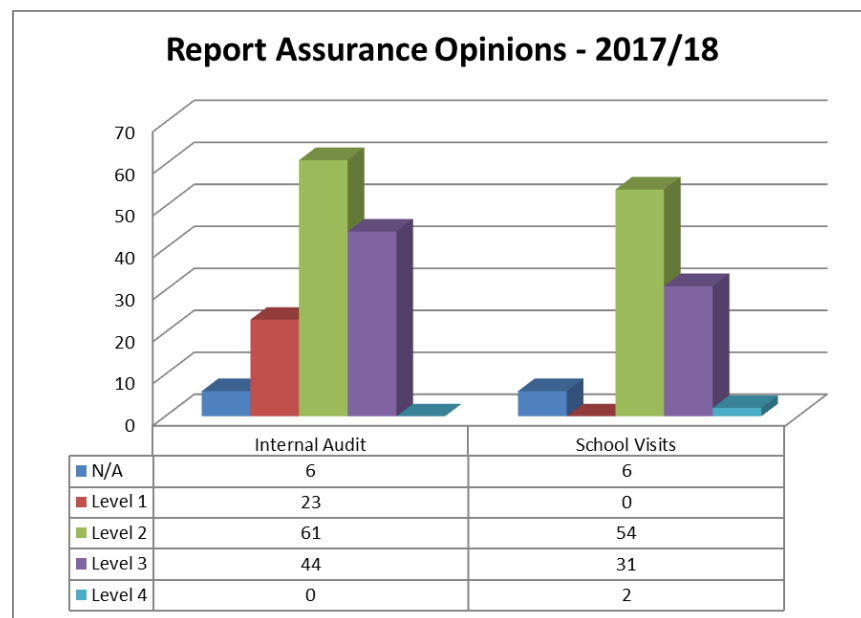
Level 1 - Controls evaluated are adequate, appropriate and are operating effectively to ensure that risks are being managed and objectives achieved.

Level 2 - Specific control weaknesses were noted. However, generally the controls evaluated are adequate, appropriate and effective to ensure that risks are being managed and objectives achieved.

Level 3 - Specific control weaknesses of a significant nature were noted, or the number of minor weaknesses noted was considerable. The ability to manage the relevant risks and achieve objectives is compromised.

Level 4 - Controls evaluated are not adequate, appropriate or effective. Risks are not being managed and it is unlikely that objectives will be met.

3.1.6 An analysis of the opinion ratings, together with a comparison with 2017/18 is given in the charts below. To date 51% of reports issued this year have contained a negative assurance (Level 3 or 4) this compares to 36% for the whole of last year.



3.2 Plan Completion

- 3.2.1 As at 30th September 2018 we had completed 36% of planned jobs which is slightly below the September target of 40%. We are aiming to complete 95% of the plan by 31st March 2019.

3.3 Corporate Fraud Team

- 3.3.1 The Corporate Fraud Team (CFT) is responsible for the investigation of financial irregularities perpetrated against the Council, whether this is by employees, contractors or other third parties. The Team identify how fraud, or other irregularity, has been committed and make recommendations to management to address any issues of misconduct, as well as reporting on any weaknesses in controls to reduce the chance of recurrence in the future.

- 3.3.2 The table below summarises the reactive investigations activity of the Team (excluding Application Fraud) for the year to date:

	2016/17	2017/18	2018/19 (Apr – Sept)
Number of outstanding investigations at the beginning of the year	14	10	28
Number of fraud referrals received during the year	111	115	61
Number of cases concluded during the year	115	97	51
Number of investigations outstanding	10	28	38

- 3.3.3 All referrals are risk assessed to ensure that our limited resource is focused on the areas of greatest risk. We work in conjunction with managers to ensure that any referrals that are not formally investigated by us are appropriately actioned.

- 3.3.4 Within the CFT there is a sub-team specifically established to tackle ‘application based’ fraud, primarily related to Social Housing and Council Tax. Their results are summarised in the table below:

	2016/17	2017/18	2018/19 (Apr – Sept 18)
Properties Recovered	45	87	40
Applications Cancelled	194	152	79
Housing Benefit Overpayment	£589,110	£826,748	£508,177
Council Tax Change	£324,974	£1,077,096	£347,843

(Note: 2017/18 increase in Council Tax due to a proactive exercise on exemptions)

4. Resources

- 4.1 The Council continues to face a number of financial challenges and has identified the need to make significant financial savings. Birmingham Audit is required to contribute to these savings and manage its resources within the budget that is available. In year staff reductions, together with the current recruitment freeze, will result in a plan reduction of 217 days (full year effect 365 days).

Plan Reduction	In Year Days	% of Total Plan	Full Year Days	% of Total Plan
Staff Reduction	82	2%	170	4%
Vacancy	135	3%	195	4%
Total	217	5%	365	8%

- 4.2 In order to accommodate this reduction in days we have reduced the amount of time we intend to spend auditing the main financial systems, placing greater emphasis on our data analytical work / management assurance and reduced the number of school visits undertaken.

- 4.3 We are continually reviewing our working practices, methodologies and structure to ensure they remain appropriate and support the organisation. Any further reduction in resources and planned audit coverage will be carefully considered to ensure that I can continue to provide an effective service and an annual audit opinion.

5. Completion of the Internal Audit Plan 2018/19

- 5.1 The approved 2018/19 plan contains 4,681 days. The table below details completion as at 30th September 2018 and provides a comparison to 2017/18.

	2017/18				2018/19			
	Planned Days	%	Actuals	%	Planned Days	%	Half Year Actuals (Apr – Sept 18)	% (Apr – Sept 18)
Number of audit days in approved plan @ 1st April.	5113	100%	4684	100%	4681	100%	2201	100%
Main financial systems	905	18%	893	19%	730	16%	482	22%
Business controls assurance	1735	34%	1647	35%	1830	39%	754	34%
Investigations	830	16%	803	17%	830	18%	365	17%
Schools (Non Visits)	155	3%	129	3%	105	2%	36	2%
Schools (Visits)	945	19%	773	17%	720	15%	336	15%
Follow up work	200	4%	159	3%	150	3%	67	3%
Ad-hoc work	178	3%	168	4%	186	4%	93	4%
Planning & reporting	125	2%	103	2%	120	3%	68	3%
City initiatives	40	1%	9	0%	10	0%	0	0%

(Note: variance between planned and actual days for 2017/18 due to reduction in audit resources and vacancies)

6. Grant Certification

- 6.1 In addition to controls assurance reviews I am required to provide audit certificates, verifying the expenditure incurred, for a number of grant that have been awarded to the Council.

Grant Certificates Issued
Troubled Families
Scambusters
Growth Hub
Highways Maintenance Challenge Fund
Integrated Transport Grant

- 6.2 I have also been formally appointed as the First Level Controller for a number of European Grants. The First Level Controller is a formally appointed independent role that is required to provide a guarantee that the expenditure incurred under the programme is eligible and correctly accounted for.

European Grants – First Level Controller
Pure COSMOS – Public Authorities enhancing competitiveness of SMEs
Urban M – Stimulating Innovation through Collaborative Maker Spaces
TRIS – Transition Regions towards Industrial Symbiosis
SPEA – Supporting Public Procurement of Innovative Solutions

Appendix A

Reports Issued During the First Half of 2018/19

Audit Reviews (62 Reports):

Key to linkages to the Council's priority outcomes, core objective of good governance, Corporate Risk Register, Financial Assurance and Business Control Assurance:

Outcomes

1. Birmingham is an entrepreneurial city to learn, work and invest in.
2. Birmingham is an aspirational city to grow up in.
3. Birmingham is a fulfilling city to age well in.
4. Birmingham is a great city to live in.
5. Birmingham residents gain the maximum benefit from hosting the Commonwealth Games.

Assurance Type

6. Good Governance.
7. Corporate Risk Register.
8. Financial Assurance.
9. Business Control Assurance.

Title	Council Risk Rating	Assurance	1	2	3	4	5	6	7	8	9
Responding to the Challenge of Improving Financial Managem't in Schools	High	Level 3		✓					✓	✓	
Combined Heat and Power Scheme - Contract Management	Medium	Level 4	✓					✓			✓
Financial Control Review	Medium	Level 3	✓	✓	✓	✓	✓	✓		✓	
IT Emerging Issues - Use of Shared Drives	Medium	Level 3	✓						✓		✓
IT Governance Housing Repairs	Medium	Level 3				✓					✓

Title	Council Risk Rating	Assurance	1	2	3	4	5	6	7	8	9
Non HRA Property Transactions	Medium	Level 3	✓								✓
Housing Allocations	Medium	Level 3		✓							✓
Children with Disabilities/Children's Direct Payments annual summary	Medium	Level 3		✓							✓
Public Services Network Audit Report	Medium	Level 3	✓					✓			✓
Independent Living Service	Medium	Level 3			✓						✓
Centenary Square - Open Book Accounting	Medium	Level 3	✓			✓		✓			
Direct Payments	Medium	Level 3			✓						✓
Information Governance	Medium	Level 3	✓					✓			
Compliance with Governance Requirements	Medium	Level 3	✓	✓	✓	✓	✓	✓			
Review of Savings Plan	Medium	Level 3	✓	✓	✓	✓	✓	✓		✓	
Company Assets and Relationship Management	Medium	Level 3	✓					✓		✓	
Information Governance - Data Quality – Place	Medium	Level 3				✓		✓			✓
Special Education Provision and Travel Needs Review	Medium	Level 3		✓					✓		
Schools Themed Work - HR Management	Medium	Level 3			✓						✓
CareFirst IT	Medium	Level 2		✓	✓	✓					✓

Title	Council Risk Rating	Assurance	1	2	3	4	5	6	7	8	9
Public Health Checks	Medium	Level 2				✓					✓
NDR Recovery and Enforcement Levels	Medium	Level 2	✓							✓	
Council Tax Recovery and Enforcement levels	Medium	Level 2				✓				✓	
Deprivation of liberty safeguards	Medium	Level 2			✓				✓		
Direct Payment - Hospital Discharges	Medium	Level 2			✓	✓					✓
Children's Residential Homes - Contract Management	Low	Level 3		✓						✓	✓
Enterprise Zones	Low	Level 3	✓					✓			✓
Children's Residential Homes - Contract Management	Low	Level 3		✓							✓
Enterprise Zones	Low	Level 3	✓					✓			✓
Preparation for IFR 16	Low	Level 3	✓								✓
Treasury Management	Low	Level 3	✓	✓	✓	✓	✓	✓	✓	✓	✓
Careline	Low	Level 3			✓						✓
Revenues Refunds	Low	Level 2				✓				✓	
Children's Advice and Support Service	Low	Level 2		✓		✓					✓
Council Tax - Exemptions and Discounts	Low	Level 2		✓		✓				✓	✓

Title	Council Risk Rating	Assurance	1	2	3	4	5	6	7	8	9
Northgate Housing	Low	Level 2				✓				✓	✓
IT Projects - PIR - Revenues and Benefits replacement scanning system	Low	Level 2				✓				✓	✓
Children in Care External Placements	Low	Level 2		✓							✓
Government Grant Claims	Low	Level 2	✓					✓		✓	✓
Bus Lane Enforcement	Low	Level 2				✓					✓
RBIS	Low	Level 2				✓					
Wireless Network	Low	Level 2	✓								✓
Work Initiation Process ICT Projects	Low	Level 2	✓	✓	✓	✓	✓	✓			✓
Information Governance - Public Health Service Restricted Network	Low	Level 2		✓	✓	✓					✓
Attendance Management	Low	Level 2	✓								✓
Corporate Payroll – Allowances	Low	Level 2	✓							✓	
Non Invoiced Income Birmingham Community Libraries	Low	Level 2				✓				✓	
Corporate Payroll – Exceptions	Low	Level 2	✓							✓	
Council Tax - Student Discounts	Low	Level 2	✓	✓						✓	
Council Tax Discretionary Hardship Payments	Low	Level 1	✓			✓				✓	

Title	Council Risk Rating	Assurance	1	2	3	4	5	6	7	8	9
Account Receivable Output Tax	Low	Level 1	✓							✓	
IT Project Governance	Low	Level 1	✓	✓	✓	✓	✓	✓			✓
CareFirst Overview of Implementation of New System	Low	Level 1		✓							✓
Instalment Recovery Drop Off Report	Low	Level 1	✓							✓	
NNDR Enforcement Agents Management and Monitoring Arrangements	Low	Level 1	✓							✓	
Accounts Payable The Substitution Process	Low	Level 1	✓							✓	
NDR Local Discretionary and Public House Relief	Low	Level 1	✓							✓	
Accounts Payable Vendor Control	Low	Level 1	✓	✓	✓	✓				✓	
Exceptions to Sales Billing	Low	Level 1	✓	✓	✓	✓				✓	
Project Management - Roles and Resources	N/A	N/A	✓	✓	✓	✓	✓	✓			✓
Supplier Financial Risk	N/A	N/A	✓					✓	✓	✓	
Markets - Lease	N/A	N/A	✓								✓

Follow up Reviews (16 Reports):

Title	Risk Rating Council
Disabled Facilities Grant - VAT Coding 2nd Follow up	Medium
Child Permanence Report Follow up	Medium
Museums Management Arrangements Follow up	Medium
Contract Management - Provision of Transport Services Follow up	Medium
GDPR Follow up	Medium
Information Governance - Data Sharing Follow up	Medium
Network Management Follow up	Medium
Third Party Service Provision - Information Security Follow up	Medium
SAP Security Follow up	Low
Information Assurance Framework Follow up	Low
PALS Follow up	Low
Council Tax Suppressions Follow up	Low
IT Asset and Configuration Management Follow up	Low
Egress - Secure Email Follow up	Low
RBIS Batch Processing Follow up	Low

Title	Risk Rating Council
Education Infrastructure - Project Management Follow up	Low

Investigations (10 Reports)

School Visits (29 Reports including 3 school follow ups reports)

Summary of Significant Findings**Red High Risk Reports**

During the first half of 2017/18 we issued 1 red report, where we identified a 'high' risk rating for the Council and 1 report where we allocated a Level 4 assurance. Brief details of the issues highlighted in these reports are detailed below:

Responding to the Challenge of Improving Financial Management in School Council Risk Rating: High Assurance: Level 3

With continuing budgetary pressures, the number of schools with deficit budgets is increasing year on year and if this trend continues there will be a severe challenge to the directorate's capacity to manage this issue. The directorate has recognised the potential risks of failing to improve financial management in schools and has strengthened the control environment. However, further action is required, particularly in relation to improving forecasting, management information, training and a greater emphasis on preventative work, through earlier and increased intervention into those schools forecast as likely to be in deficit.

We identified a need to:

- formalise risk management arrangements;
- undertake strategic "stress testing" to assess the financial position and the capacity of schools to withstand budget pressures;
- establish deficit repayment plans;
- closely control spending on schools subject to a Directive Academy Order (DAO); and
- strengthen the training provided to schools.

Our recommendations have been agreed, a follow up review is scheduled for March 2019.

Combined Heat and Power Scheme - Contract Management**Council Risk Rating: Medium****Assurance: Level 4**

In late 2006 the Council entered into a contract with Birmingham District Energy Company to deliver Combined Heat and Power (CHP) schemes in the City Centre and Eastside in order to provide a discounted supply of energy (electricity, hot water for heating and chilled water for air conditioning) to various council buildings and non- Council buildings in the City Centre and Eastside over a 25 year contract period.

We identified that contract management arrangements require significant improvement. Contract governance, performance and financial management were not considered sufficient. The contract requires reviewing as it contains contract conditions which place significant risk on the Council e.g. it places liability upon the Council if other occupiers fail to pay their energy bills. Additionally it was not possible to determine if best value is being achieved.

Our recommendations have been agreed, a follow up review is scheduled for January 2019.

School Visits

We have continued to work with directorate and school colleagues to ensure we deliver robust and added value audits that respond to the financial challenges faced by schools and support the new measures implemented by the Council in their monitoring and oversight role. We have also developed a risk based schools audit plan, and a work programme that focuses on financial management, that will be introduced from November.

We have found that school Governors and senior management are generally striving to lead schools effectively in very challenging circumstances; however there is much to be done in respect of financial planning and responding to financial pressures. Whilst day to day financial management is well established, a high proportion of schools are relying on carried forward surpluses to set balanced budgets and are forecasting future year budget deficits. This poses a significant threat for both the individual schools and the Council. Governors and senior school leadership need to be more proactive in establishing and agreeing plans to address this issue.

Schools have generally performed well in respect of managing attendance and safeguarding, though there is still room for some improvement. In terms of Governance and Financial Management areas for development include clarity regarding financial responsibilities, improvement in financial reporting to governors, better management of pecuniary interest declarations and the recording and reporting of gifts and hospitality. In addition,

we have noted a reduction in the number of schools completing a statement of internal control and ensuring that governor pecuniary interests are correct on the schools website, and little improvement in respect of compliance with key controls for ordering and receipting of goods and establishing appropriate divisions of duty. Schools continued to be well aware of their responsibilities in relation to safeguarding their children and take that responsibility seriously. However, there remains the need for improvement in respect of monitoring IT and internet use, and undertaking due diligence prior to lettings; to ensure users meet both safeguarding and the 'No Platform for Extremism Policy' requirements. Schools are rolling out Prevent training but need to improve the mechanisms for recording that the training has been undertaken.

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	AUDIT COMMITTEE
Report of:	Corporate Director – Finance & Governance
Date of Decision:	20 November 2018
Subject:	AUDIT FINDINGS REPORT RECOMMENDATIONS – PROGRESS REPORT
Wards affected: All	
1 Purpose	
1.1	At its meeting on 30 July 2018, Members considered the External Auditor's Audit Findings Report and the draft Annual Audit Letter following the audit of the Council's financial statements for 2017/18.
1.2	The External Auditor made a number of recommendations within the Audit Findings Report for management to consider. These recommendations were in addition to the recommendations made under Section 24 of The Local Audit and Accountability Act 2014 that were considered by Council at its meeting on 11 September 2018.
1.3	The management responses to the External Auditor's recommendations were considered by this committee at its meeting on 25 September 2018. This report provides a progress update on the implementation of the management actions proposed.
2 Decisions recommended:	
	Members are recommended to:
2.1	Note the progress in implementing management actions, attached as Appendix 1, to address the recommendations set out by the External Auditor in his Audit Findings Report issued in July 2018
2.2	Seek updated reports to future meetings of this committee on the continued progress in implementing the management actions proposed.

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Contact Officer: Martin Stevens
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3 Compliance Issues:

- 3.1 Are Decisions consistent with relevant Council Policies, Plans or Strategies?:
The coverage of the management actions in response to the Audit Findings Report recommendations are consistent with the policy framework and budget.
- 3.2 Relevant Ward and other Members/Officers etc. consulted on this matter:
The Chair of the Committee has been consulted.
- 3.3 Relevant legal powers, personnel, equalities and other relevant implications (if any):
The work of the external auditors is governed by the Code of Practice issued by the National Audit Office in accordance with the Local Audit and Accountability Act 2014.
- 3.4 Will decisions be carried out within existing finances and resources?
Yes
- 3.5 Main Risk Management and Equality Impact Assessment Issues (if any):
The Audit Findings Report includes details on activities where the External Auditor has identified that the Council can make improvements or reduce risks in its operations. This report provides a response on the progress in addressing the recommendations made.

4 Relevant background/chronology of key events:

- 4.1 The Audit Findings Report was considered by this committee on 30 July 2018. At the time of reporting to this committee, there had been no time to consider the management responses to the recommendations set out in the Audit Findings Report.
- 4.2 Management responses to the recommendations set out in the Audit Findings Report were considered by this committee at its meeting on 25 September 2018. This report sets out the current progress in addressing the issues raised in the recommendations.
- 4.3 Further reports will be provided to this committee setting out the additional progress in implementing the proposed activity in response to the recommendations set out in the Audit Findings Report.

Signature:

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Clive Heaphy, Corporate Director – Finance & Governance

Appendices

Appendix 1 – Progress update on Response to Audit Findings Report
Recommendations

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	Accounts				
1	Control Weakness - Payroll Leavers We recommend that management consider the adequacy of controls in place to ensure authorisation of leaver documents does not lead to payments being made to individuals once they have ceased employment.	To improve managerial compliance HR services will undertake the following: a) half yearly communication reminders to managers to remind them of their obligations where there are pay related requirements b) Monthly audit check of 'non-completed' actions which are items awaiting approval in a manager's worklist. c) Where there are repeat offenders the relevant Director will be notified and formal disciplinary action may be taken. Targeted training to be offered to those repeat offenders. d) Ensure People Solutions training in respect of 'Self-service' is completed as part of the induction. e) HR Services proactively chase managers where we have cause to believe an overpayment may arise.		Dawn Hewins	- November 2018: The first communication has been prepared and will be sent out shortly. November 2018: The check has been embedded into processes and is being completed on a monthly basis. November 2018: A monitoring system has been established and implemented. November 2018: Preparations are underway for a revised induction programme to be delivered. November 2018: This is included as part of the monthly checking and validation process.

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
2	<p>Control Issue - Heritage Asset Valuations</p> <p>We recommend that management consider the appropriateness of these insurance valuations.</p>	<p>The appropriateness of the current approach to Heritage Asset valuations will be kept under review.</p>	<p>March 2019</p> <p>Completed</p>	<p>Martin Stevens</p>	<p>November 2018: The current method of accounting for heritage assets is compliant with the CIPFA Code of Practice.</p> <p>Alternative accounting methodologies have been considered. However, placing a 'market' valuation on heritage assets would give a significant range in value for the assets which would make it difficult to identify a figure that would be materially correct. The cost of undertaking such a valuation would not be economically viable.</p> <p>The insurance team meet with the Museums Trust on a regular basis to assess insurance valuations for the collections to determine a suitable level of cover.</p> <p>The consideration of valuations has been discussed with external auditors.</p>
3	<p>SAP-User Access</p> <p>We recommend that management considers which users need SAP_ALL access and removes access to this function where is it not required.</p>	<p>SAP BSC will carry out daily checks to monitor individuals who have access to SAP_ALL and any errant users will have their access revoked immediately.</p> <p>Capita ICTD will review all SAP_ALL access IDs and any that are out of use are removed.</p>	<p>Complete</p>	<p>Jan Perks</p> <p>Capita ICTDS</p>	<p>November 2018: SAP BSC continue to carry out daily checks to ensure that SAP_ALL has only been granted where formally requested and that the access is revoked at the earliest opportunity.</p> <p>November 2018: This has been completed.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
4	Multiple Accounts Assigned to a single user We recommend that management considers which users need multiple accounts within SAP and removes access to those where this function where is it not required.	SAP BSC will carry out a monthly check to ensure that all Firefighters are valid. Access for Firefighters will be revoked where they are no longer required	Complete	Jan Perks	November 2018: A regular monthly check has been undertaken to ensure that all Firefighter IDs remain valid. November 2018: Firefighter IDs are removed at the earliest opportunity.
5	Under Accrual of waste invoices We recommend that the Council considers its controls in place to ensure other invoices are not paid before they are recognised within the ledger system.	The requirement to comply with the policies and procedures in respect of accounts payable will be reinforced through management team meetings. At year-end any significant unmatched purchase orders will be reviewed to determine the appropriateness of any accruals		Guy Olivant/Fazal Khan	November 2018: The Place Directorate Management, and Waste Management Teams have been reminded of the appropriate Policy and Procedures that need to be adhered to November 2018: As part of the preparations for the year end this issue recommendation will be implemented
6	Control weakness - HRA revaluation We recommend that a reconciliation control is put in place to ensure the prevention of similar errors in the future.	The timeline for the provision of HRA asset valuations will be reviewed with a view to allowing more time for effective reconciliation and consistency checks to be applied to the calculation of revaluation adjustments, whilst still ensuring that the valuations are materially correct as at the year-end date.		Guy Olivant	November 2018: Discussions have commenced with valuers to accelerate the timescales for provision of valuations, whilst ensuring that the accuracy of valuations is not compromised.

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
7	<p>Control weakness – Business Rates Appeals</p> <p>We recommended that the Council accurately calculate out the amount of business rate appeals used in year which will result in an accurate figure for additional provisions to be made in year.</p>	<p>The figures will be analysed at the year end to determine whether there are any significant movements to the provision, either additional amounts required or provision withdrawn.</p>	<p>March 2019</p>	<p>Ian Harris</p>	<p>November 2018: The transactions relating to the appeals provision are monitored quarterly at a high summarised level to determine the amount of provision used in year. The figures will be analysed further at the year end to determine if the provision brought forward should be reduced or if additional provision is required.</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	Value for Money				
1	<p>Budget Delivery and Reserves Management, as well as savings proposals</p> <p>We recommend that the Council deliver the elements of the statutory recommendation that relate to finance and transparency and governance (see page 5).</p>	<p>The Council will take the following steps to ensure that financial and performance monitoring is provided on a timely basis. This will be effected through:</p> <ul style="list-style-type: none"> Improving the quality and timeliness of monthly budget monitoring reports, which will allow for budget holders to take corrective action more appropriately. Introducing a star chamber for relevant Service Directors and Cabinet Members to meet the 		Clive Heaphy	<p>November 2018: The budget monitoring process has been reviewed in order to provide more timely reporting to CMT and EMT. CMT receives monthly reports within around 2 weeks of the month end. EMT receives monthly reports within a month of the previous month end. Reports are taken to Cabinet quarterly, generally within 6 weeks of the relevant month end.</p> <p>In addition, Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>CMT receives the monitoring report far earlier than previously, thus maximising the opportunity to understand the scale of any challenge and the time available to develop plans to address this.</p> <p>November 2018: Star Chamber meetings take place monthly between the Cabinet Member for Finance and</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>Cabinet Member for Finance and Resources and the Chief Finance Officer.</p> <ul style="list-style-type: none"> Tightening the use of reserves through Cabinet approval to ensure that recovery plans are considered before the use of reserves. The introduction of more formal scrutiny arrangements for the Council's finances in addition to the creation of a Capital Board chaired by the Leader. 			<p>Resources, the Corporate Director of Finance and Governance and each Corporate Director to discuss the revenue forecast for each Directorate and any mitigations that could be introduced in order to improve the Council's forecast outturn.</p> <p>November 2018: In order to provide transparency on use of reserves, a position statement is provided in each monthly monitoring report, including a comparison of current forecast use of reserves with the original budget.</p> <p>Any revised use of reserves has to be approved by Cabinet before it can be implemented. Use of reserves to mitigate overspends are not allowed and so the forecast variance provides an estimate without any mitigation from reserves.</p> <p>Some reserves which have been set aside for specific purposes are allowed to be used e.g. grants reserves.</p> <p>November 2018: Resources Scrutiny Committee considers the joint revenue and capital monitoring report on a monthly basis. The Capital Board has been meeting monthly since June, reviewing proposed business cases and monitoring information and to advise EMT on resource allocation and other capital</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<ul style="list-style-type: none"> The introduction of more robust arrangements for the programme and project management of the delivery of savings initiatives. 			<p>policies.</p> <p>November 2018: The budget planning and monitoring processes require each savings proposal to provide an implementation plan and provide progress updates on both the financial forecast and the forecast of when key milestones in the delivery of the saving will be achieved.</p> <p>Furthermore, the Council has reinvigorated its Corporate PMO function which is beginning to meet with Directorates in conjunction with Finance Business Partners to consider the delivery of the current savings programme.</p> <p>Furthermore, the PMO has been involved in the scrutiny of the implementation plans for the new savings programme which will be consulted on shortly.</p>
2	<p>The Panel</p> <p>We recommend that the Council implement the actions identified in its Improvement Stocktake Report and demonstrate measurable outcomes to the Panel</p>	<p>The Council will provide regular reports on progress against its self-assessment and improvement plans through monthly meetings with MHCLG and the BIIP and through the sharing of monthly finance summaries, performance management and Corporate Governance Plan documents.</p>		Jonathan Tew	<p>November 2018: The Committee engaged directly with the BIIP at their 25th September meeting to reflect on the contents of the Stocktake Report and actions undertaken by the Council since. Subsequently, meetings have taken place between the BIIP, MHCLG and the Council on a monthly basis, with minutes and updates to the Corporate</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		Collaboration workshops have been put in place between the Council and the BIIP that will cover development issues such as performance management, homelessness and skills.			<p>Governance Plan subsequently circulated to all elected members such that, if they choose to do so, the Audit Committee can re-examine actions against the agreed plan. Performance and finance updates to Cabinet are similarly published on a monthly basis, and are available for Committee review.</p> <p>November 2018: Workshops have taken place against the three themes of skills, homelessness and performance management with notes circulated to all group leaders and outputs reported via the monthly cycle indicated above. Subsequent sessions are planned for January 2019.</p>
3	<p>Services for Vulnerable Children</p> <p>We recommend that the Council continue to demonstrate measurable improvements in services for vulnerable children through the Children's Trust</p>	<p>The Council manages its contract with Birmingham Children's Trust through an agreed set of performance measures. Monthly reports are provided through to ensure that the Trust remains on track, within agreed level of tolerances.</p>		Anne Ainsworth	<p>November 2018: Performance reported at the October meeting (month 6) shows that 14 out of the 15 agreed performance indicators were meeting their target (either above the target or within the accepted threshold for tolerance). In addition a strong focus is being placed on individual case audits and quality reviews with dedicated resource set aside to do this. Plans are underway for an expected Ofsted inspection.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
4	Management of Schools We recommend that the Council increase the pace of improvement in schools governance arrangements to ensure that it can demonstrate to Ofsted that it has addressed the issues that it raised.	<p>1. A new school improvement contract has been agreed with Birmingham Education Partnership to run from 1 Sept 2018 for two years and a set of priorities and performance framework is being agreed.</p> <p>2. Stronger guidance has been provided to schools to ensure appropriate governance around finance to avoid the risks of schools moving into deficit. Where schools are demonstrating financial concerns a cross directorate group made up of School Financial Services, HR, Audit, Governor Support and Infrastructure works together to address wider concerns and co-ordinate support.</p> <p>3. A more focused programme of work has been agreed with Internal Audit to consider financial risks within schools. The Directorate Management team will review on a termly basis the work of Internal Audit with high risk reports acted upon.</p> <p>4. A Schools Causing Concern meeting takes place each month and there are regular conversations with Ofsted and the Regional Schools Commissioner.</p>		Anne Ainsworth	<p>November 2018: A contract for 2 years is in place with the Birmingham Education Partnership.</p> <p>November 2018: Monthly meeting of the schools financial governance group to co-ordinate action and identify early concerns. This group is also being used to focus audit activity on schools causing concern.</p> <p>November 2018: First audit report on schools financial management published and further work underway. Revision of the audit inspection framework for schools to be used from the beginning of November with a stronger focus on financial processes and strategic financial planning.</p> <p>November 2018: Ongoing schools causing concern meetings taking place and financial concerns are being fed into this work.</p>

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		5. A focus of the Education Safeguarding Board on addressing resilience in schools through providing support, advice and training on safeguarding and extremism.			November 2018: Latest meeting took place 23 October

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	Sec 24 Recommendations				
1	The Council needs to deliver its savings plans in 2018/19, in particular by identifying alternatives where existing plans are not deliverable, to mitigate the impact of the combined savings and budget pressure risks.	<p>A monthly star chamber process has been instigated whereby the Chief Finance Officer and the Cabinet Member for Finance and Resources meet with relevant Services Directors and their Cabinet Member to understand the reasons for the continuing forecasting overspend and to agree the mitigations which will lead to bringing forecast back within budget.</p> <p>Access to reserves as mitigation for base budget pressures and savings non-delivery has been severely restricted.</p> <p>The updated revenue (and capital) monitoring process is far more risk-focussed and concentrates on identifying solutions to issues and</p>		Clive Heaphy	<p>November 2018: Star Chamber meetings take place monthly between the Cabinet Member for Finance and Resources, the Corporate Director of Finance and Governance and each Corporate Director to discuss the revenue forecast for each Directorate and any mitigations that could be introduced in order to improve the Council's forecast outturn.</p> <p>November 2018: In order to provide transparency on use of reserves, a position statement is provided in each monthly report, including a comparison of current forecast use of reserves with the original budget.</p> <p>Any revised use of reserves has to be approved by Cabinet before it can be implemented. Use of reserves to mitigate overspends are not allowed and so the forecast variance provides an estimate without any mitigation from reserves.</p> <p>Some reserves which have been set aside for specific purposes are allowed to be used e.g. grants reserves.</p> <p>November 2018: The focus of the monthly Star Chamber sessions is to identify solutions that can be implemented to address any budget</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>delivering these solutions.</p> <p>More formal Scrutiny arrangements have been introduced for the Council's Finances and there is an expectation that areas of financial concern will be examined in detail.</p> <p>A Capital Board, chaired by the Leader, has been established to ensure that capital controls and monitoring are in place and that capital spend proposals are in line with the Council's objectives.</p> <p>The appointment of dedicated Business Partners will enable more collaborative working to be undertaken with budget holders to assess the financial implications of policy proposals along with robust implementation plans to reduce the likelihood of overspend.</p>			<p>challenges.</p> <p>The Capital monitoring process also focuses on the material variances which have the highest levels of inherent risk.</p> <p>November 2018: Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>Furthermore, the star chamber discussions examine the reasons behind budgetary issues in services.</p> <p>November 2018: The Capital Board has been meeting monthly since June to improve capital programme management prior to executive decisions</p> <p>November 2018: Finance Business Partners are now in post (with one remaining vacancy)</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
2	The Council needs to develop a realistic medium term financial plan for 2019/20 to 2021/22 which incorporates realistic and detailed savings plans and takes account of key budget and service risks.	<p>The Council is adopting a priority-based budgeting approach for future years that will align the use of financial resources with its policy priorities, and involve considerable use of performance, unit cost and trend information.</p> <p>The budget setting process will also focus on exploring opportunities for service re-design and partnership working and promote links to the development of capital and asset strategies.</p> <p>The process for the 2019/20 – 2022/23 four-year cycle commenced in May 2018 – considerably earlier than in previous years. A workshop took place in June and further workshops are planned in September and October 2018 prior to the draft budget being issued for consultation.</p> <p>The creation of a central Project Management Office (PMO) and robust business cases/implementation plans will enable delivery to be tracked and monitored with rigour.</p>		Clive Heaphy	<p>November 2018: The Council's Budget Process required each Directorate to consider proposals in the context of the Council Plan and also its performance and unit costs relative to relevant authorities.</p> <p>November 2018: The revenue budget process has been more closely aligned to the capital process. Both capital and revenue implications of proposals have been considered.</p> <p>November 2018 The consultation on new savings proposals has been issued a month earlier than in recent years (became public 6 November and consultation begins on 13 November)</p> <p>November 2018: PMO created and involved in consideration of the new savings proposals and their implementation plans.</p>

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Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
3	The Council needs to ensure that it maintains an adequate level of reserves to mitigate the impact of budget risks, in particular one-off risks such as the Commonwealth Games and Equal Pay.	<p>The Council is developing a risk-based approach to identify an appropriate minimum level of reserves which it needs to hold to mitigate its risk profile and plans to manage those risks.</p> <p>The Council will keep risks under regular review to ensure that adequate resources are set aside where necessary as its risk profile changes.</p>		Clive Heaphy	<p>November 2018: The November Cabinet report on the Budget Consultation confirms that the assessed minimum balance of reserves will be reviewed for the MTFS update in February 2019.</p> <p>November 2018: Risks are reviewed monthly by CMT and quarterly by Audit Committee, including the risk profile and planned mitigations.</p>
4	The Council needs to ensure that its financial monitoring and budget reports are clear, transparent, and timely particularly in relation to the use of reserves, whether in-year or at year-end.	<p>Improvements in reporting will continue to be developed and the Council remains committed to open and full reporting. This includes working with the Finance and Resources Scrutiny Committee to improve accountability.</p> <p>Financial reporting will continue to evolve to ensure that members, the public and stakeholders have a clear picture of the council's finances and the opportunity to challenge and shape spending as budgets continue to fall.</p>		Clive Heaphy	<p>November 2018: The budget monitoring process has been reviewed in order to provide more timely reporting to CMT and EMT. CMT receives monthly reports within around 2 weeks of the month end. EMT receives monthly reports within a month of the previous month end. Reports are taken to Cabinet quarterly, generally within 6 weeks on the relevant month end. In addition, Resources Scrutiny Committee considers the quarterly Cabinet reports and the monthly EMT reports.</p> <p>November 2018: The consultation on new savings proposals has been issued a month earlier than in recent years (became public 6 November and consultation begins on 13 November)</p>

Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
5	The Council needs to report governance failures and emerging issues promptly and clearly to Members and local citizens.	<p>A full review of governance, including the governance of associated bodies and companies, is taking place.</p> <p>The Cabinet Committee - Group Company Governance (CC-GCG) Terms of Reference are being revised to ensure that it is able to provide effective oversight of the many stakeholder interests, including associated companies and bodies, where some of the greatest risks apply.</p>		Clive Heaphy	<p>November 2018: A cycle of governance reviews for material subsidiary and associated companies is planned as part of the CC-GCG programme and independent professional training took place on the 29 October 2018 to assist committee members in their review process. Officers will facilitate this and action recommendations under shareholder directions.</p> <p>The GBSLEP annual governance review is reported through GBSLEP public meetings, any issues or failures arising as a result of this will be reported to council members in their capacity as accountable body.</p> <p>A review of major capital works being implemented under company structures, their governance, project management and reporting processes is in place, assisted by external advisors. The capital board will receive update and progress reports in the first instance prior to onward reporting as appropriate.</p> <p>November 2018: The Terms of Reference for CC-GCG were considered by the committee at its meeting on 18 September. The committee resolved to meet on a monthly basis to maintain oversight of related companies and entities.</p>

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Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>For matters within the Council, more transparent performance, financial and risk reporting will identify issues earlier to allow actions plans to be developed. The Council is working to improve the efficacy of its role as client in a number of key relationships (such as The Children's Trust) and ensuring that its role as stakeholder is clearly separated from its role as service deliverer where a conflict exists.</p> <p>The Council is working with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) both in relation to the role of the Council as the Accountable Body and in establishing GBSLEP as an independent and self-controlling company in line with the findings of the Government's LEP review and the Ney Review.</p>			<p>A proposed workplan for CC-GCG has been developed and covers the regular reporting to members on requests to create new companies, the risks associated with companies and related parties, consideration of the risk assurances processes within companies and regular reporting by companies and by contact officers to cover a wide spread of the total activity.</p> <p>November 2018: The role of the client function and of contact officers will continue to be developed so that performance, financial and governance factors can be assessed and reported.</p> <p>Training has been provided to members of CC-GCG in respect of the shareholder role. Training will be cascaded to Council nominated directors and other relevant staff and will cover the differing roles of shareholder and contractor.</p> <p>November 2018 The Council has agreed a Joint Working Protocol and capital charging protocol with GBSLEP underpinned by a detailed SLA for financial and legal services which is currently in consultation. GBSLEP consultants, council officers and specialist advisors are working on the transfer of operations to a self-controlling company structure by April 2019.</p>

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Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
6	The Council needs to ensure that appropriate arrangements are implemented in relation to the Council's subsidiary bodies, including regular financial reporting and Council nominees on subsidiary body boards, to ensure that emerging risks are monitored, reported and managed promptly.	<p>The shareholder role is discharged through the CC-GCG, with attendance by subsidiaries either on a cyclical timeframe or where there are concerns with a Council-owned company, on a more regular basis.</p> <p>The Intelligent Client Function is more robustly developed for some subsidiary bodies than others and the role of contact officers requires formal definition. This will form part of the work programme for CC-GCG in 2018, along with further development of the training package for officers and members who take up directorships.</p> <p>Risks within subsidiary bodies are formally reported to Audit Committee annually as part of an assurance</p>		Clive Heaphy	<p>November 2018: The workplan and timetable for the CC-GCG is being developed and regular reports of and presentations by the Council's subsidiary companies will be programmed into the timetable.</p> <p>The CC-GCG has been timetabled into the Committee calendar on a monthly basis and will be chaired by the Deputy Leader and be supported by senior officers.</p> <p>Training has been provided to members of CC-GCG on the role of directors within companies and on aspects of business planning and a consistent approach for constructive challenge. Training is planned for current directors nominated by the Council.</p> <p>November 2018: The role of client functions will be developed and implemented during the year to ensure that there remains a strong focus on the relationship with subsidiary companies.</p> <p>Client Officers will report to the CC-GCG on a regular basis in support of presentations by subsidiary companies.</p> <p>November 2018: CC-GCG will consider a regular report on the risks associated with subsidiary companies and emerging</p>

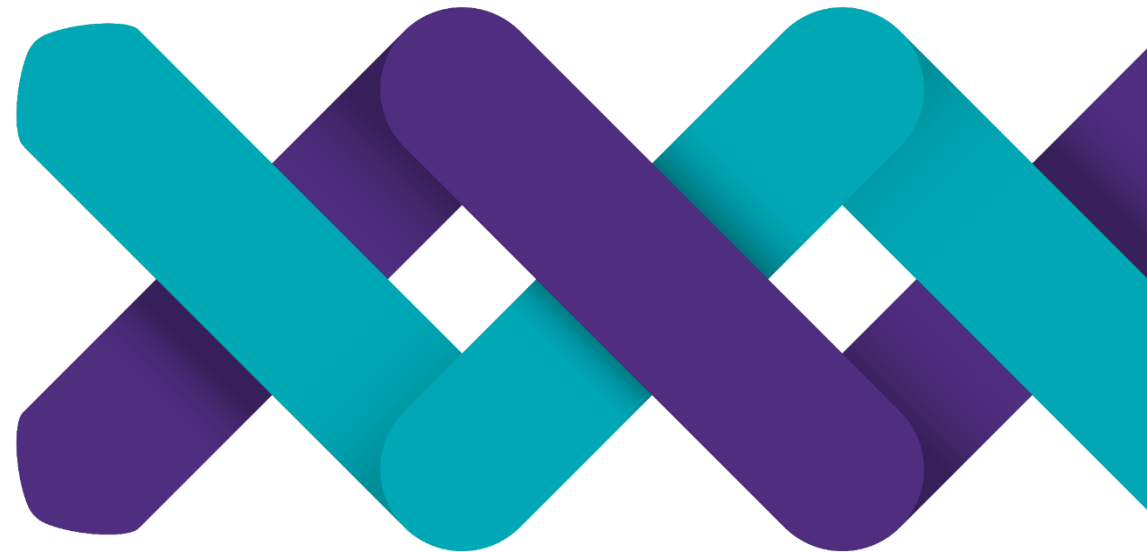
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Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		statement. The Council will extend this mechanism to capture emerging in-year risks.			issues will be identified at the earliest opportunity to allow consideration at the committee.
7	The Council needs to ensure that robust management and governance arrangements are put in place within the Place Directorate, particularly to ensure effective oversight of the waste service, to ensure that it delivers its financial and service objectives.	A new Memorandum of Understanding (MoU) is due for implementation in September 2018 and arrangements are being put in place to monitor performance and financial arrangements that will lead to improvements in services to the public and most particularly to recycling rates.		Rob James	<p>November 2018: Following extensive discussion with Trade Unions and the workforce the new operating model was implemented in September 2018. The new system involved the appointment of waste collection and recycling officer and moving to a five day working week for waste collection services. Collections rounds have been revamped to equalise the workload for crews and this has been achieved without changing the day of collection for the 360,000 properties affected.</p> <p>Collections are being monitored in addition to individual crew performance as well as that of the waste collection and recycling officers.</p> <p>The budget for the service will be adequate for the service being provided and monthly reports are provided to the Cabinet Member and to Finance Star Chamber.</p>

Audit Progress Report and Sector Update

Birmingham City Council
Year ending 31 March 2019

November 2018



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Introduction



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

The paper also includes:

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



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Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

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

Progress at November 2018

2018/19 Audit

We have begun our planning processes for the 2018/19 financial year audit.

Our detailed work and audit visits will begin later in the year and we will discuss the timing of these visits with management.

Our interim fieldwork visit is expected to include:

- Updated review of the council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing.

We expect to issue our audit plan summarising our approach to the key risks on the audit in January 2019. We will report any findings from the interim audit to you in our progress report at the March 2019 Audit committee.

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Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties.

We will begin our initial risk assessment to determine our approach in autumn 2018.

We will report our work in the Audit Findings Report and give our Value For Money Conclusion by the deadline in July 2019.

We will also follow up progress made against our statutory recommendations made in July 2018; in particular focusing on improvements being made to strengthen financial resilience.

Other areas

Certification of claims and returns

We are required to certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. This certification work for the 2018/19 claim will be concluded by November 2018.

The results of the certification work are reported to you in our certification letter.

Meetings

We have regular liaison meetings with Finance Officers and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Monitoring Officer in October to discuss areas relevant to our audit.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Finance Officers have been invited to our financial reporting update workshops which will be held in the new year.

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Audit Deliverables

2017/18 Deliverables	Planned Date	Status
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2018	Not yet due
2018/19 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2018/19.	April 2018	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Council's 2018-19 financial statements.	January 2019	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2019	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audit Committee.	July 2019	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Not yet due
Annual Certification Letter This letter reports any matters arising from our certification work carried out under the PSAA contract.	December 2019	Not yet due

Fees 2017/18

We confirm below our final fees charged for the 2017/18 audit. We will confirm audit and non-audit fees for 2018/19 in our audit plan.

Audit Fees

	Proposed fee	Final fee
Council Audit * Final fee includes £5,000 for statutory recommendations and £3,996 for enhanced audit report	314,168	323,164
Objections from 2016/17	TBC	24,000
Grant Certification – Housing Benefits	17,594	TBC
Total audit fees (excluding VAT)	£331,762	£TBC

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA). Our fees for grant certification covers only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited. Fees in respect of other grant work, such as reasonable assurance reports, were reported in our annual audit letter.

Sector Update

Local government finances are at a tipping point. Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website

A Caring Society – bringing together innovative thinking, people and practice

The Adult Social Care sector is at a crossroads. We have yet to find a sustainable system of care that is truly fit for purpose and for people. Our Caring Society programme takes a step back and creates a space to think, explore new ideas and draw on the most powerful and fresh influences we can find, as well as accelerate the innovative social care work already taking place.

We are bringing together a community of influencers, academics, investors, private care providers, charities and social housing providers and individuals who are committed to shaping the future of adult social care.

At the heart of the community are adult social care directors and this programme aims to provide them with space to think about, and design, a care system that meets the needs of the 21st Century, taking into account ethics, technology, governance and funding.

We are doing this by:

- hosting a 'scoping sprint' to determine the specific themes we should focus on
- running three sprints focused on the themes affecting the future of care provision
- publishing a series of articles drawing on opinion, innovative best practices and research to stimulate fresh thinking.

Our aim is to reach a consensus, that transcends party politics, about what future care should be for the good of society and for the individual. This will be presented to directors of adult social care in Spring 2019, to decide how to take forward the resulting recommendations and policy changes.

Scoping Sprint

This took place in October. Following opening remarks by Hilary Cottam (social entrepreneur and author of Radical Help) and Cllr Georgia Gould (Leader of Camden Council), the subsequent discussion brought many perspectives but there was a strong agreement about the need to do things differently that would create and support a caring society. Grant Thornton will now take forward further discussions around three particular themes:

1. Ethics and philosophy: What is meant by care? Should the state love?
2. Care in a place: Where should the power lie? How are local power relationships different in a local place?
3. Promoting and upscaling effective programmes and innovation

Sprint 1 – What do we really mean by 'care'?

This will take place on 4 December. Julia Unwin, Chair of the Civil Societies Futures Project, former CEO of the Joseph Rowntree Association and author on kindness will provide her insight to spark the debate on what we really mean by 'care'

Find out more and get involved

- To read the sprint write-ups and opinion pieces visit: grantthornton.co.uk/acaringsociety
- Join the conversation at #acaringsociety

Challenge question:

How is your authority engaging in the debate about the future of social care?



Care Homes for the Elderly – Where are we now?

It is a pivotal moment for the UK care homes market. In the next few months the government is to reveal the contents of its much-vaunted plans for the long-term funding of care for older people.

Our latest Grant Thornton report draws together the most recent and relevant research, including our own sizeable market knowledge and expertise, to determine where the sector is now and understand where it is heading in the future. We have spoken to investors, providers and market consultants to showcase the diversity and innovation that care homes can offer.

Flourishing communities are not a 'nice to have' but an essential part of our purpose of shaping a vibrant economy. Growth simply cannot happen sustainably if business is disconnected from society. That is why social care needs a positive growth framing. Far from being a burden, the sector employs more people than the NHS, is a crucible for technological innovation, and is a vital connector in community life. We need to think about social care as an asset and invest and nurture it accordingly.

There are opportunities to further invest to create innovative solutions that deliver improved tailored care packages to meet the needs of our ageing population.

The report considers a number of aspects in the social care agenda

- market structure, sustainability, quality and evolution
- future funding changes and the political agenda
- the investment, capital and financing landscape
- new funds and methods of finance
- future outlook.

The decline in the number of public-sector focused care home beds is a trend that looks set to continue in the medium-term. However, it cannot continue indefinitely as Grant Thornton's research points to a significant rise in demand for elderly care beds over the coming decade and beyond.

A strategic approach will also be needed to recruit and retain the large number of workers needed to care for the ageing population in the future. Efforts have already begun through education programmes such as Skills for Care's 'Care Ambassadors' to promote social care as an attractive profession. But with the number of nurses falling across the NHS as well, the Government will need to address the current crisis.

But the most important conversation that needs to be had is with the public around what kind of care services they would like to have and, crucially, how much they would be prepared to pay for them. Most solutions for sustainable funding for social care point towards increased taxation, which will generate significant political and public debate. With Brexit dominating the political agenda, and the government holding a precarious position in Parliament, shorter-term funding interventions by government over the medium-term look more likely than a root-and-branch reform of the current system. The sector, however, needs to know what choices politicians, and society as a whole, are prepared to make in order to plan for the future.

Copies of our report can be requested on our website



Grant Thornton

Challenge question:

How effective is the Council's engagement with the social care sector?



In good company: Latest trends in local authority trading companies

Our recent report looks at trends in LATC's (Local Government Authority Trading Companies). These deliver a wide range of services across the country and range from wholly owned companies to joint ventures, all within the public and private sector.

Outsourcing versus local authority trading companies

The rise of trading companies is, in part, due to the decline in popularity of outsourcing. The majority of outsourced contracts operate successfully, and continue to deliver significant savings. But recent high profile failures, problems with inflexible contracts and poor contract management mean that outsourcing has fallen out of favour. The days of large scale outsourcing of council services has gone.

Advantages of local authority trading companies

- Authorities can keep direct control over their providers
- Opportunities for any profits to be returned to the council
- Provides suitable opportunity to change the local authority terms and conditions, particularly with regard to pensions, can also bring significant reductions in the cost base of the service
- Having a separate company allows the authority to move away from the constraints of the councils decision making processes, becoming more agile and responsive to changes in demand or funding
- Wider powers to trade through the Localism act provide the company with the opportunity to win contracts elsewhere

Choosing the right company model

The most common company models adopted by councils are:

Wholly
owned

Joint
Ventures

Social
Enterprise

Wholly owned companies are common because they allow local authorities to retain the risk and reward. And governance is less complicated. Direct labour organisations such as Cormac and Oxford Direct Services have both transferred out in this way.

JVs have become increasingly popular as a means of leveraging growth. Pioneered by Norse, Corserv and Vertas organisations are developing the model. Alternatively, if there is a social motive rather than a profit one, the social enterprise model is the best option, as it can enable access to grant funding to drive growth.

Getting it right through effective governance

While there are pitfalls in establishing these companies, those that have got it right are: seizing the advantages of a more commercial mind-set, generating revenue, driving efficiencies and improving the quality of services. By developing effective governance they can be more flexible and grow business without micromanagement from the council.

LATC's need to adapt for the future

- LATC's must adapt to developments in the external environment
 - These include possible changes to the public procurement rules after Brexit and new local authority structures. Also responding to an increasingly crowded and competitive market where there could be more mergers and insolvencies.
- Authorities need to be open to different ways of doing things, driving further developments of new trading companies. Relieving pressures on councils to find the most efficient ways of doing more with less in today's austere climate.

Overall, joint ventures can be a viable alternative delivery model for local authorities. Our research indicates that the numbers of joint ventures will continue to rise, and in particular we expect to see others follow examples of successful public-public partnerships.



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National Audit Office link

<https://www.nao.org.uk/report/the-health-and-social-care-interface/>

Ministry of Housing, Communities and Local Government links

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

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