

AUDIT AND STANDARDS COMMITTEE

Tuesday 10th December, 2013 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

PRESENT:-

Councillor Cowell (Chair)
Councillor Arshad (Vice-Chair)
Councillors Harris, Hill, J. Martin, Taylor, Tyler and C Wilson

Officers

Treasurer, Head of Audit Services, Assistant Director, HR and Organisational Development, Assistant Director of Corporate Resources (Directorate of Corporate Resources); Director of the Adult, Community and Housing Services, Assistant Director of Housing Services, Review & Improvement Consultant (Directorate of Adult, Community and Housing Services); Audit Managers, Principal Auditor and Mrs K Taylor (Directorate of Corporate Resources).

Also in Attendance

Mr. S. Turner (Manager) (Grant Thornton)
Ms. S. Joburns (Grant Thornton)

28. **APOLOGY FOR ABSENCE**

An apology for absence from the meeting was submitted on behalf of Councillor Russell.

29. **APPOINTMENT OF SUBSTITUTE MEMBER**

It was reported that Councillor J Martin had been appointed as substitute member for Councillor Russell for this meeting of the Committee only.

30. **DECLARATIONS OF INTEREST**

Councillor Cowell declared a non-pecuniary interest, in accordance with the Members' Code of Conduct, in Agenda Item 8 – Review of current Corporate Risks and Corporate Risk Scrutiny, in view of her being a Dudley Council tenant.

31. **MINUTES**

RESOLVED

That the minutes of the meeting held on 19th September, 2013, be approved as a correct record and signed.

32. GRANT THORNTON AUDIT AND STANDARDS COMMITTEE UPDATE

A report of the Treasurer was submitted on a report published by Grant Thornton updating members on progress in delivering their responsibilities as Dudley's external auditors. A list of the questions that Grant Thornton believed Audit and Standards Committee members should consider and the management responses were included in the report submitted. A copy of the full report was appended to the report submitted.

It was noted that Ms Joburns, Grant Thornton, who was in attendance at the meeting, would replace Mr Turner as Audit Manager, as Mr Turner would be moving to another audit. Members expressed their thanks and best wishes to Mr Turner.

Ms Joburns then presented the report and appendix to the report submitted and commented in particular that the purpose of the report was to report progress and highlight emerging national issues.

Ms Joburns further reported that the audit was on track, and that a further report would be submitted to a future meeting of the Committee.

RESOLVED

That the information contained in the report, and Appendix to the report, submitted on an Audit and Standards Committee Update published by the Grant Thornton, be noted.

33. ANNUAL AUDIT LETTER 2012/13

A joint report of the Chief Executive and the Treasurer was submitted on the External auditor's annual Audit Letter for 2012/13. A copy of the letter was appended to the report submitted.

Mr S Turner, Audit Manager, presented the report and Appendices to the report submitted, and issued an unqualified opinion.

Arising from the presentation of the report and Appendices to the report, submitted Mr Turner responded to questions asked and with regard to queries raised by members regarding Grant Thornton attending Cabinet in February, 2014 to discuss key messages, conclusions and significant issues, and the possibility of issuing early warnings in relation to any significant changes in respect of Value for Money.

RESOLVED

That the information contained in the report, and Appendices to the report, submitted on the Annual Audit Letter 2012/13 be noted.

34. ANNUAL REPORT OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE 2012/13

A report of the Monitoring Officer was submitted on the annual report of the Committee on Standards in Public Life 2012/13.

Arising from the presentation of the report and Appendix to the report, submitted, the Treasurer made particular reference to the comments on Local Government Standards arising from the introduction of the new standards regime under the Localism Act 2011.

RESOLVED

That the Annual Report of the Committee on Standards in Public Life, attached as Appendix 1 to the report submitted, be noted.

35. REVIEW OF CURRENT CORPORATE RISKS AND CORPORATE RISK SCRUTINY

A report of the Treasurer was submitted on current corporate risks, as most recently reviewed by the Corporate Board, and to provide closer scrutiny of the Council's corporate risk – Risk ORG0017 – Welfare Reforms – that was identified for consideration by the Committee at a previous meeting.

The Assistant Director of Housing and the Assistant Director of Corporate Resources gave a power point presentation in relation to the background of Welfare Reforms, corporate risks and mitigating actions.

The Assistant Director of Housing reported to the Committee that the introduction of Universal Credit had been delayed, and referred to the change of remit of the Welfare Reform Project Board in order to provide a more corporate focus to ensure that the corporate agenda would be delivered.

The Assistant Director of Corporate Resources referred to Discretionary Housing Payments advising that these were discretionary awards used to cover the shortfall between Housing Benefit and the full rent.

It was anticipated that the Governments contribution to the 2013/14 scheme would be spent by March, 2014, and that there were additional funds available should there be any overspend. Any monies that were under spent would be returned to the Government.

The Assistant Director of Corporate Resources reported on the Local Welfare Assistance Scheme, advising that the Department for Work and Pensions responsibility for the discretionary elements of the social fund had been transferred on 31st March, 2013, and was now administered by the Council.

Reference was made to the types of awards made including food, energy and furniture, the various partnerships involved, the corporate risk in relation to the Council Tax Reduction scheme and that Government funding for the scheme was currently only guaranteed for a period of two years.

Reference was also made to the work undertaken by the Adult, Community and Housing Services Scrutiny Committee.

The Assistant Director of Housing referred to the increase in rent arrears arising from the introduction of the benefit cap, and that it was unlikely that repossession could be avoided. She reported on the emerging trends, including the cases where some tenants have left their property without warning due to them being unaffordable, and the high and competing demands for one bedroom stock and two bedroom houses.

It was further noted that the Cabinet Member for Housing/Community Safety had fully evaluated the potential to remodel existing stock and the reclassification of properties.

The impact on Dudley in respect of the provision of bad debt in relation to rent arrears was approximately £2million, which had increased compared to the figures during quarter two in 2012/13 and 2013/14.

Reference was made to partnership working, in particular, the introduction of "Jam Jar accounts" by Castle and Crystal Union that allowed tenants to earmark part of their income in order to pay for services such as rent, that could not be accessed and therefore reducing the risk of arrears. It was further reported that Adult Learning was running a "Live for Less" course to aid people to plan and budget their money, and further work required to help vulnerable adults.

The Assistant Director of Housing reported on the impacts resulting from Welfare Reforms to Statutory Service areas, including areas such as the potential increase in homelessness.

Arising from the presentation, Members asked a number of questions and the Assistant Director of Housing and The Assistant Director of Corporate Resources responded as follows:-

- In relation to monitoring private Landlords, it was reported that Private Sector Housing would investigate any issues or complaints raised, and that there were an increasing number of Landlords who would contact the service to ascertain advice and to report any concerns that they may have in respect of other private Landlords. There were also a number of actions and orders that could be imposed if necessary. Recent publications also identified that the number of private Landlords that accepted people on benefits was declining.
- That there were a number of cases that were awarded Discretionary Housing Payments, and that income officers had been chasing the recovery of rent arrears, however it was evident that some tenants had difficulty repaying. Should there be a possibility of court proceedings, advice would be given in an attempt to prevent this.
- That should a tenant become homeless, then they would be re-assessed for a property under the homelessness policy.
- The Assistant Director of Housing undertook to provide Councillor Arshad with comparison data in relation to rent arrears in other Local Authorities.
- That 70% of Discretionary Housing Payments were awarded to Council tenants, however these were currently limited to two per year per applicant, albeit this was now being extended to three per year. Dependent on their circumstances there were discretionary powers to extend if necessary. The calculations in order to reach a decision for the awards were primarily based on income, savings and the areas in which the recipient would need the grant.
- That any under spend in relation to the Welfare Assistance Scheme would not be ring-fenced, therefore allowing the money to be placed back in to the Council's budget.
- The figures from the Department for Work and Pensions in relation to the number of people who had been assisted had shown a downward trend. Reference was also made to the high volume of Crisis Loans and the Community Care grant scheme.
- That the Welfare Assistance Scheme projected spend for 2013/14 would be £200k (maximum).
- Concerns were raised in regard to the confusion to tenants who did not understand the system.
- An amendment had been introduced to a policy for those who could exchange with rent arrears in order to assist with people moving into alternative accommodation.
- That should additional funds be required in terms of the Discretionary Housing Payments, this could be met from the Housing Revenue Account for Council Tenants only.
- That the Council were investigating methods of regenerating the housing stock that they already had.

During his presentation of the content of the report, and Appendix 1 to the report submitted, the Treasurer referred, in particular, to the Committee giving consideration to identifying and scrutinising a specific risk from those shown in the Appendix for consideration when the Committee next considered the issue of corporate risks at its meeting in February, 2014.

Following further discussion it was

RESOLVED

- (1) That the information contained in the report, and Appendix 1 to the report, submitted on current corporate risks, be noted.
- (2) That the risk ORG0017 - Welfare Reforms and associated controls, be noted.
- (3) That the risk ORG0002 - Budget - be the particular risk identified for closer scrutiny the next time a risk report was referred for consideration by the Committee, on 13th February, 2014.
- (4) That the risk ORG0003 – Carbon Reduction – be presented as an information item, together with risk ORG0002, for consideration by the Committee, on 13th February, 2014.
- (5) That a progress report in relation to risk ORG0017 – Welfare Reforms – be referred for consideration by the Committee in April 2014.
- (6) The Assistant Director of Housing be requested to provide Councillor Arshad with comparison data in relation to rent arrears in other Local Authorities.

36.

AMENDMENT OF STANDING ORDERS

A report of the Treasurer was submitted on the proposed amendments to Council and School Standing Orders.

Arising from the presentation of the report and Appendix to the report, submitted, the Head of Audit Services made particular reference to the promotion of the Corporate Procurement Manual, that would be a more efficient and effective way of staff obtaining guidance.

RESOLVED

- (1) That the proposed amendments to Council and School Standing Orders, attached as Appendix 1 to the report submitted, be approved.
- (2) That the Treasurer be authorised to make minor amendments if wider consultation identifies any changes prior to 1st April, 2014.

37. EXCLUSION OF THE PUBLIC

That the public be excluded from the meeting for the following items of business on the grounds that they involve likely disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act, 1972, as indicated below; and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exemption from disclosure.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part I of Schedule 12A</u>
Suspensions under the Provisions of the Employee Improvement and Disciplinary Procedure	1
Annual Audit Report in relation to the Directorate of Adult, Community and Housing Services	2 and 7

38. SUSPENSIONS UNDER THE PROVISIONS OF THE EMPLOYEE IMPROVEMENT AND DISCIPLINARY PROCEDURE.

A report of the Director of Corporate Resources was submitted on the numbers of employees who were suspended pending an investigation into allegations of gross misconduct during the financial year 2012/13, and April 2013 to September 2013, in comparison with the previous years information.

Arising from the presentation of the report submitted and the asking of questions by Members, the Assistant Director HR and Organisational Development undertook to provide Councillor Taylor with supplementary information in relation to ongoing investigations.

Following further discussion it was

RESOLVED

That the information contained in the report submitted be noted and that the Assistant Director HR and Organisational Development be requested to provide supplementary information to Councillor Taylor in relation to ongoing investigations.

39. ANNUAL AUDIT REPORT IN RELATION OF THE DIRECTORATE OF ADULT, COMMUNITY AND HOUSING SERVICES

A report of the Treasurer was submitted on the audit work undertaken in the Directorate of Adult, Community and Housing Services for the financial year 2012/13 and incorporating details of the more important findings as indicated in Appendices 2 and 3 to the report submitted.

Arising from consideration of the report, and Appendices to the report, submitted Members asked a number of questions and made comments which were responded too, in particular in respect of the management responses highlighted in the report.

RESOLVED

That the findings of the 2012/13 audit work be accepted.

The meeting ended at 8.15 p.m.

CHAIR