

Minutes of Audit and Standards Committee

Tuesday 8th December, 2015 at 6.00 p.m.
in Committee Room 3, The Council House, Dudley

Present:-

Councillor J Cowell (Chair)
Councillors, A Aston, P Brothwood, A Millward, D Russell, D Tyler, and
T Westwood

Officers:-

I Newman (Chief Officer – Finance and Legal) ;
M Bowsher (Chief Officer Adult Social Care); R Cooper (Head of Financial
Services); S Denyer (Senior Auditor) M Granger (Corporate Fraud
Manager); G Harrison (Audit Manager – Central Services); M Williams
(Chief Officer Corporate and Customer Services); E Smith (Principal
Auditor); D Stringfellow (Interim Head of Transformation – Children’s
Services); Philip Tart (Strategic Director Resources and Transformation;
and L Jury (Democratic Services Officer).

Also in Attendance:-

J. Cook (Grant Thornton)

91 **Comments by the Chair**

The Chair made reference to the recent death of Councillor Mary Roberts,
and her work as Vice Chair of this Committee, and the Committee
observed a minute silence as a token of respect to her memory.

92 **Apologies for Absence**

Apologies for absence were received on behalf of Councillor R Scott-Dow
and Les Bradshaw.

94 **Appointment of Substitute Member**

It was reported that Councillor P Brothwood had been appointed to serve
in place of Councillor R Scott-Dow for this meeting of the Committee only.

95 **Declarations of Interest**

No Member made a declaration of interest in accordance with Members’
Code of Conduct in respect of any matter to be considered at this
meeting.

96

Minutes

Resolved

That the minutes of the meeting held on 17th September, 2015, be approved as a correct record and signed.

97

Change in Order of Business

Pursuant to Council Procedure Rule 13(c) it was:-

Resolved

That the remaining items of business be considered in the following order :-

Agenda Item Nos. 6, 7, 9, 11, 5, 10.

98

Annual Report of the Committee on Standards in Public Life.

A report of the Monitoring Officer was submitted on the Committee on Standards in Public Life for 2014/15.

Presenting the report and Appendix to the report, the Monitoring Officer made reference to some of the key issues raised including the effectiveness of scrutiny and challenge in Local Government which it was noted would be subject to further examination through the Parliamentary Select Committee. It was reported that Dudley's approach to scrutiny was refined in line with the restructure of the Council and the Overview and Scrutiny Management Board would be specifically reviewing the effectiveness of our scrutiny arrangements as part of their work programme for 2015/16.

The report made reference to the issue of Standards and the role of the Independent Person to assist the Monitoring Officer in an advisory capacity when necessary.

Reference was made in the report to ethics training and the process for training existing and new Members in Dudley was reported.

Reference was also made in the report to the Committee's offer to work with Local Government Chief Executives nationally on the development of a Code of Ethics for Senior Managers.

Concluding the presentation, reference was made to the guidance on ethical standards for providers of public services issued by this Committee and the Monitoring Officer reported that the national guidance had made specific reference to the Dudley Supplier Code of Practice as a case study and congratulations were expressed to the Interim Head of Audit and the service in helping to raise the profile of Dudley.

Arising from the presentation, Members were pleased to see a continued review of scrutiny, however, the lack of training for members was raised and it was suggested that more training should be made available.

Resolved

That the information contained in the report, and appendix to the report submitted on the Annual Report of the Committee on Standards in Public Life 2014/15, be noted.

99

Risk Management

A report of the Chief Officer Finance and Legal was submitted updating members on current corporate risks and other matters relating to risk management. Appendix 1 to the report, showed details of Corporate Risks which were generally acknowledged as being the most significant facing the Council; impacting upon at least one or several of the Council's key objectives. In addition to risks shown in Appendix 1, the Committee were requested to identify any particular risk for closer scrutiny the next time a risk report is scheduled.

In presenting the report, the Chief Officer Finance and Legal reported that the Committee requested it should receive details of Corporate Risks three times per annum and that this was the second such report for the current municipal year. At its previous meeting, the Committee agreed to scrutinise risk R.22 which related to 'Vulnerable People.

Chief Officer, Adult Social Care and Interim Head of Transformation – Children's Services, were then invited to present the risk to the Committee.

The Chief Officer Adult Social Care highlighted the purpose of the report which was to present the risk of failure to protect children and/or adults in positions of vulnerability due to increases in demand, changes in patterns of abuse and reducing resources. It was noted that this topic had received a huge amount of both scrutiny/media coverage and effort capacity at a Member and Officer level over recent months.

Reference was made to 3 key documents that would provide Members with a significant amount of further details in addition to the information to be presented – The Children's Improvement Plan and the Business Plans both for Dudley's Adult Safeguarding Board and Dudley's Children's Safeguarding Board.

The Chief Officer Adult Social Care then invited the Interim Head of Transformation to present to the Committee, four key areas of development in Children's Services.

Presenting the risk, the Interim Head of Transformation made specific reference to the increased need for Children's Services across the borough and the risk submitted to the Committee related to the services capacity to respond to the need.

In presenting the risk, specific reference was made to the Early Health Strategy and the expansion of the Troubled Families initiative and its capacity to apply for Government funding for families that fit within the criteria of a troubled family, which would assist in the provision of early help. Reference to the development of a multi-agency safeguarding hub was also noted and its intention to 'go live' in April 2016. Yesterday had seen the system 'go live' with a single point of access for people to report potential cases of abuse which it was felt would provide better consistency and control over demand and most importantly, help correctly identify those children at risk who need to be safeguarded and protected. It was noted that all partners, including police and health partners, had signed up to the hub which would bring together the intelligence needed to safeguard children.

Reference was also made to the use of better intelligence by identifying children within the system who are at risk of drift or delay and better recognition of children who are at risk that are not receiving the level of input that they need.

Concluding, the Chief Office Adult Social Care made reference to using data preventatively by looking for specific areas of trends, patterns or clusters of issues so that resources available can be targeted at these areas to prevent the abuse before it happens. An example of this was reported to the Committee noting that action taken by Officers had resulted in a successful prosecution which it was hoped would act as a major deterrent to others.

Arising from consideration of the presentation, a number of questions were asked to which responses were given including, the effectiveness of partners in identifying and reporting a child at risk and the level of attendance of partners at meetings and referring to issues relating to Rotherham, members strongly requested further training on their responsibility as Corporate Parents. In response, the Chief Office Adult Social Care agreed to raise the issue of training with the Interim Chief Officer Children's Services.

In response to a question relating to the availability of data regarding the number of young girls that are being trafficked around the Black Country, it was reported that a new dedicated CSE team in collaboration with multi-agency partners were charged with the responsibility of responding to those who have been identified at risk and to understand the patterns and behaviors of the perpetrators. It was further reported that a comprehensive programme of activities were being undertaken to tackle this serious problem, including training for Taxi drivers and Hoteliers and initiatives were being presented at local schools to raise awareness with young people.

In response to the issue raised regarding the use of cameras in Taxi's, the Chair suggested that this issue be raised with Licensing in the first instance.

Following a brief discussion, members of the Committee suggested that R.15 – The Council Budget be the particular risk identified for closer scrutiny the next time a risk report is presented to this Committee.

Resolved

- (1) That, the information contained in the report and Appendix 1 to the report submitted on corporate risks appearing at the highest level on the Council's risk register, be noted.
- (2) That, the information contained in the presentation on R22 Vulnerable People, be noted.
- (3) That, the risk R15 The Council Budget, be the particular risk identified for closer scrutiny the next time a risk report was referred for consideration by the Committee.
- (4) That, the issue raised by Members relating to cameras being installed in Taxis, be referred to Licensing for consideration.

Exclusion of the Public

That the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information relating to any individual(s) and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exception from disclosure.

Description of Item

Relevant Paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972

Annual Audit Report in relation to the Directorate of People.

2 & 7

Annual Audit in relation to the Directorate of People

A report of the Chief Officer Finance and Legal was submitted on the audit work undertaken in the Directorate of People for the financial year 2014/15 and incorporating details of the more important findings as indicated in Appendix 3 and 4 to the report submitted.

During the presentation, the Audit Manager reported that during the year, a corporate restructure had taken place which had resulted in the creation of three new Directorates. For the purpose of this report, People Directorate relates to most of the functions that were previously undertaken by Children's Services Directorate and Directorate of Adult, Community and Housing Services, but excluding Housing Services as this now comes under the Place Directorate.

During the year, 21 audit reviews had been undertaken resulting in 197 recommendations which included 32 high priority findings and 28 unimplemented recommendations.

Three audits received a minimal assurance rating; Adshead Road, Swift Application Review and Tribal Application Review. Adshead Road had been followed up and the indicative revised rating was Significant. Tribal is currently being followed up. Swift had been followed up, but although Management had undertaken some action, because of inherent issues with the software that could only be resolved with a software upgrade, the rating had remained as Minimal.

Referring to the quality review process for Audit Services, reference was made to the post audit questionnaires that had been issued after each audit and although acknowledging that due to various reasons, that would be addressed in 2015/16, the number of questionnaires returned had not been at the level expected, but all had stated that they had received either a 'good' or 'very good' service.

With regards to the percentage of final reports issued within six weeks of the date of issue of the draft report, the Directorate received a rating of 76%. This compares to the Committee's target of 80%.

Specific reference was made to the Committee's request for a summary of any significant issues, noting that in respect of the Children's Services Commissioning Review, the Directorate had acknowledged all issues raised and a Head of Commissioning, Performance and Partnership had now been appointed who would be reviewing structures and procedures. Also highlighted was Stourbridge Children's Centre, where a lot of recommendations were raised and Tribal and Swift Application Reviews.

In addition, 23 audits were undertaken in primary/secondary and special schools and the outcomes to these audits were also reported.

Arising from the presentation given, Members raised a number of questions to which responses were given including, a question raised regarding the Youth Offending Service in respect of the statement made that the team had not been made aware of the new Supervision Policy introduced in 2013. In responding to the question, the Chief Officer Adult Social Care stated that there was an urgent need to ensure that staff were made aware of all changes in policy so that changes could be factored into the way staff undertake their jobs.

In response to a question raised regarding Children's Services Commissioning, the Chief Officer Adult Social Care acknowledged that a significant amount of work needs to be undertaken to raise the standard of Commissioning.

In response to a question raised regarding the Tribal application and security, it was noted that weaknesses with the system should not result in external breaches because the Council had other security measures in place. It was also noted that discussions were being held with Audit Services and the Directorate's ICT Management to see what further action could be taken to mitigate the issues that had been identified, although these issues could not be fully rectified unless the vendor provides an upgrade to the software.

In response to a question raised in respect of Adshead's Children's Home with regards to budget setting, it was suggested by the Chief Officer Adult Social Care that budget setting was now being discussed by higher levels of management.

Replying to a concern raised with regards to recommendations that had been made in previous audits that had not been resolved, the Chief Officer Adult Social Care reported that processes were now in place that would hopefully reduce the gap between the time an issue was identified and the time improvements were made.

However, it was acknowledged that some unimplemented recommendations were as a result of long-standing difficulties in implementing recommendations. It was suggested that a meeting be scheduled with the Chief Officer Adult Social Care and Audit Services to consider the possibility of agreeing a compromise situation.

Resolved

- (1) That, the information contained in the report and appendices to the report, in respect of the audit work undertaken in the People Directorate for the financial year 2014/15, be noted and accepted.
- (2) That, a meeting be scheduled with the Chief Officer Adult Social Care and Audit Services to further consider the issue of out-standing actions.

Grant Thornton Annual Audit Letter 2014/15 and other matters.

A joint report of the Chief Executive and the Chief Officer Finance and Legal was submitted in respect of the Council's External Auditor's (Grant Thornton UK LLP) Annual Audit letter for 2014/15 together with the External Auditor's briefing to the Council on the authority's and auditor's responsibilities in respect of the authority's financial position.

In presenting the report, the Chief Officer Finance and Legal reported that the Letter attached as Appendix 1, highlighted the conclusions set out in the Audit Findings Report that were presented to the Committee on 17th September, 2015, and which had resulted in the auditor issuing an unqualified opinion. It was noted that the letter had now been published and placed on the Council website.

In addition, the Chief Officer Finance and Legal made reference to the Council's financial position for 2016/17 and to previous reports showing this emerging risk. Reference was made to the draft budget strategy that had been submitted to Cabinet on 28th October, 2015 which had reported a deficit of £21.4m in 2016/17 and with the General Fund being exhausted by the end of the year. It was noted that if this position was not rectified, an unlawful budget would be produced for 2016/17. In view of this situation, the report to Cabinet requested further proposals for savings and an additional meeting of Cabinet was scheduled for 18th January, 2016 where representatives from Grant Thornton would attend and the briefing that is attached as Appendix 2 to this report would be presented.

Referring to Appendix 2, it was noted that this had been provided over and above the normal annual audit letter and sets out the authority's formal responsibilities and those of the external auditors, in this situation. Although it was acknowledged that the Council had not yet reached a point where legal responsibilities would need to be exercised, the Auditors had highlighting the risk that formal action might need to be taken within the next year if this worsening financial situation was not managed.

The Chief Officer Finance and Legal then invited Mr Cook, to present the External Auditor's briefing to the Committee.

Mr Cook firstly made reference to the annual audit letter which summarised the work that had been undertaken by the auditors last year which did highlight the deficit in the 2015/16 budget and that there was going to be a deficiency by 2018 that could not be met by reserves. However, as the auditors were aware of the options available to the Council, a clean value for money opinion had been given at the time.

Key issues, recommendations and the fees charged by the auditors were then highlighted along with a document that set out the auditors' relationship with Council's officers and members. The issue raised earlier in the meeting with regards to additional training for Members was noted and Mr Cook proposed that training could be provided by Grant Thornton if requested.

Referring to Appendix 2 to the report, Mr Cook reported that the auditors had reviewed the Council's medium term financial strategy and had concluded that unless the financial situation improves and additional savings are identified and implemented, there is a significant risk that the Council's General Fund resources will be exhausted during 2016/17 and the rest of the documents presented, set out the respective responsibilities of the Council's officers and the external auditors in these circumstances. Mr Cook emphasised to the Committee that the exercise of these powers happens very, very rarely in Local Government.

Continuing, Mr Cook made reference to the Authority's statutory responsibilities that are taken from the Local Government Act 2003, making specific reference to Section 114 that states that if a decision is made that results in unlawful expenditure, if a decision is taken that results in a loss or deficiency or you make an unlawful entry in your accounts, or if it appears that the authority's spending is likely to exceed its resources in any financial year, Section 114 requires the Chief Financial Officer to report to the Council.

Referring back to the chart on page 21 of the report, Mr Cook reported that unless the financial situation improves, it was very likely that this report would be triggered. The serious consequences to the Authority on issuing this report were then highlighted along with the External Auditor's formal responsibilities.

Arising from consideration of the report and the potential serious consequences if the Council's financial position worsens, Members recommended that the briefing document that had been presented to this Committee should be emailed to all Members of the Council for their consideration.

Resolved

- (1) That the report submitted in respect of the External Auditor's Annual Letter for 2014/15 and appendix 1 to the report submitted, relating to the External Auditor's briefing to the Council on the authority's and Auditor's responsibilities in respect of the authority's financial position, be noted.
- (2) That, the Briefing document, as set out in Appendix 2 to the report submitted, be emailed to all Members for their consideration.

Exclusion of the Public

That the public and press be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information relating to any individual(s) and that in all the circumstances, the public interest in disclosing the information is outweighed by the public interest in maintaining the exception from disclosure.

<u>Description of Item</u>	<u>Relevant Paragraphs of Part 1 of Schedule 12A of the Local Government Act 1972</u>
Suspension under the Provision of the Employee Improvement and Disciplinary Procedure.	2 and 7

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Suspensions under the Provisions of the Employee Improvement and Disciplinary Procedure

A report of the Strategic Director Resources and Transformation was submitted informing the Committee of the numbers of employees suspended pending an investigation into allegations of gross misconduct during October 2014 to September 2015.

During the presentation, the Chief Officer Corporate and Customer Services highlighted various issues from the report submitted, which included the number of employees that had been suspended in 2014/15 and noting that the average length of suspension had reduced, although acknowledging that some cases had taken longer to conclude due to the complexity of the case and especially if multiple allegations or witnesses had been involved.

Out of the suspensions undertaken, it was noted that the number of dismissals was low and the reasons for this were reported.

The costs of suspensions were also noted recognising that the cost had reduced slightly from last year.

Arising from consideration of the report presented, a concern was raised by a Member in respect of resignations that had been received before a hearing had been scheduled and any associated safeguarding risks relating to future employers. In this regard, Members requested further information relating to this risk.

Resolved

- (1) That the information contained in the report submitted on the numbers of employees suspended pending an investigation into allegations of gross misconduct during October 2014 to September 2015, be received and noted.

The meeting ended at 7.35pm.

CHAIR

ASC/60