

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 17 NOVEMBER 2015**

**THE RONUK HALL, PORTSLADE TOWN HALL**

**MINUTES**

**Present:** Councillors A Norman (Chair), Diane Bushell, Councillor Chapman, Dr David Horne, Cobb, Druitt, Morris, Robins (Group Spokesperson), Sykes (Group Spokesperson) and Taylor

**PART ONE**

**40 PROCEDURAL BUSINESS**

**40a Declarations of substitutes**

40.1 There were none.

**40b Declarations of interests**

40.2 There were none

**40c Exclusion of the press and public**

40.3 In accordance with Section 100A of the Local Government Act 1972 ("the Act"), the Committee considered whether the public should be excluded from the meeting during consideration of any item of business on the grounds that it is likely in view of the business to be transacted or the nature of the proceedings, that if members of the public were present during it, there would be disclosure to them of confidential information as defined in Section 100A (3) of the Act.

40.4 **RESOLVED** - That the public not be excluded from the meeting.

**41 MINUTES**

41.1 **RESOLVED** – That the minutes of the previous meeting held on 22 September 2015 be approved and signed as the correct record.

41.2 As a matter arising, Councillor Taylor asked if there was an further update available on Item 36 of the previous meeting: Cash Collection Contract.

- 41.3 The Assistant Director, Finance & Resources clarified that the administration process was continuing and whilst there was nothing to report arising from that process, any significant update would be brought to the attention of Members.

**42 CHAIR'S COMMUNICATIONS**

- 42.1 The Chair provided the following communication:

*“This will be the last meeting of the Audit & Standards Committee attended by Rachel Musson our Interim Executive Director of Finance & Resources. Rachel has been a steady force since she has been with us and has encouraged us to peer outside ‘the box’ we currently operate in. Rachel is about to embark on a new career and we all want to wish her well and much happiness in her new role.*

*This will also be the last meeting for Simon Mathers from Ernst & Young. Simon has made a great contribution in the past seven years of working with the committee and I’d like to wish him well in the next stage of his career. Ian Young will be the new representative from Ernst & Young alongside Paul King and we look forward to working with him”.*

**43 CALL OVER**

- 43.1 All items on the agenda were reserved for discussion.

**44 PUBLIC INVOLVEMENT**

- 44.1 No items from members of the public were received.

**45 MEMBER INVOLVEMENT**

- 45.1 No items from Members were received.

**46 CUSTOMER FEEDBACK REPORT**

- 46.1 The Committee considered a report of the Interim Executive Director of Finance & Resources that provided information on Customer Feedback about services delivered by the council for the first two quarters of the 2015-16 financial year.
- 46.2 Councillor Druitt asked if there was a sufficient level of awareness of the complaints process from residents and staff and if continuing reductions in the council’s budget was likely to lead to an increase in complaints and if any pre-emptive action was being taken to that end.
- 46.3 The Customer Experience Lead stated that the complaints process was clearly signposted on the council website and training provided for staff on resolution and directing residents to the complaints procedure. The Customer Experience Lead added that a reduction in budget may have an effect on the quality of service provided. Steps were being taken to mitigate the effects and awareness needed to be raised as to what service level could be provided.

- 46.4 Councillor Chapman noted that many of the complaints from members of the public he received as ward councillor related to the council's housing repair and maintenance contractor. Councillor Chapman asked if such complaints were recorded in the data detailed in the report.
- 46.5 The Customer Service Lead clarified that the report did not cover specific detail on complaints made regarding the council's housing contractor. However, the contractor did conduct training with their staff and there was particular awareness on their part of delays to scheduled repairs. Furthermore, he had attended monthly meetings in the past with the contractor and he would be happy to discuss the specific issue in Queens Park with Councillors Chapman and Morris as ward councillors for the area. The Customer Service Lead stated that it was his understanding that in many cases of complaints, the work was to standard but may not meet the customer expectation.
- 46.6 Councillor Morris asked for further information on the programme of managing Housing Car Parks.
- 46.7 The Customer Service Lead stated that he was unable to give specific details on the programme but would endeavour to obtain the information for Councillor Morris.
- 46.8 Councillor Sykes noted the change in report presentation that now contained less data and statistical information and asked if this was related to the change in governance structure for the complaints process.
- 46.9 The Customer Service Lead clarified that the new presentation was compatible with other reporting streams that provided an overall picture. The Customer Service Lead added that the arrangements for the service had remained consistent although the team had moved service areas in recent times.
- 46.10 Councillor Robins asked if there was any information to demonstrate residents found the complaints process a useful function and was not treated in a sceptical manner.
- 46.11 The Customer Service Lead stated that it was his understanding that residents did find the complaints process useful and there was also a benefit in giving feedback as it can lead to service improvement.
- 46.12 Councillor Taylor asked why the Key Performance Indicator used per 10,000 population and asked if it was possible to use the definitive figure in addition for future reports.
- 46.13 The Customer Service Lead clarified that using per 10,000 population as an indicator enabled benchmarking with other authorities but a specific number could be used for future reports.
- 46.14 Diane Bushell asked if the complaints team liaised with other agencies such as the Citizen's Advice Bureau regarding complaints.
- 46.15 The Customer Service Lead stated that this was not currently undertaken but was a very good suggestion to pursue.

- 46.16 Councillor Druitt asked if whistleblowing figures were included in the data for complaints and also if the number of compliments were recorded.
- 46.17 The Customer Service Lead stated that the Public Disclosure Interest Act only applied to staff and the report related only to complaints from members of the public. Compliments were recorded and reported annually so would form part of that report.
- 46.18 **RESOLVED-**
- 1) That the Committee note the report.
  - 2) That the Committee receive a similar report every six months.

**47 STRATEGIC RISK REGISTER REVIEW SEPTEMBER 2015**

- 47.1 The Committee considered a report of the Interim Executive Director, Finance & Resources that set out the Strategic Risk Register Assessment Report giving detail on actions taken and planned actions to manage each strategic risk.
- 47.2 Dr Horne noted his concern that none of the strategic risks listed at paragraph 4.5 had improved.
- 47.3 The Risk Management Lead clarified that as risk items were often long-term issues by definition, they did not often move within a six month period. The Risk Management Lead added that the items listed were those considered very seriously and thoroughly by the Executive Leadership Team (ELT) and were regularly reviewed.
- 47.4 The Interim Executive Director, Finance & Resources stated that as a member of ELT, she could give assurance that the risk register was regularly and robustly reviewed.
- 47.5 Dr Horne stated that there were no comments in relation to the solutions proposed for each risk and therefore no information on whether those solutions were effective.
- 47.6 Councillor Morris noted that both uncertain and adequate were given for those items listed as amber and asked the reasons for the differing classifications.
- 47.7 In response to the issues raised, the Risk Management Lead clarified that the risk owners set controls as an action to resolve the issue. Amber rated items were sometimes left open as they were subject to change that could include a change or finalisation in central government policy.
- 47.8 Diane Bushell noted that no deadlines for risk solutions were provided.
- 47.9 The Risk Management Lead clarified that completion dates were sometimes set internally and the observations of the committee would be reviewed for future versions of the report.
- 47.10 Councillor Sykes noted that two risks had been removed from the Register and asked if it was the duty of ELT to make such decisions.

47.11 The Interim Executive Director, Finance & Resources confirmed that the decision was taken by ELT if they were satisfied the actions implemented had reduced the risk level and to allow for focus on the highest priority strategic risks.

47.12 **RESOLVED-** That the Audit & Standards Committee notes the Strategic Risk Assessment Report October 2015 (Appendix 1).

#### **48 STRATEGIC RISK MAP FOCUS: SR23 AND SR21 HOUSING PRESSURES**

- 48.1 The Committee considered a report of the Interim Executive Director, Finance & Resources which informed Members that the Committee had a role to monitor the effectiveness of risk management and internal control. This included oversight of the Strategic Risk Register which was set and reviewed every six months by the Executive Leadership Team (ELT). Each Strategic Risk had a Risk Management Action Plan (a risk MAP) to deliver action to address the risk by a Risk Owner, a member of the ELT. The meeting was attended by the Joint Acting Executive Director, Environment, Development & Housing who was the Risk Owner for SR21: Housing Pressures and the joint risk owner with the Assistant Chief Executive for SR23: Developing an investment strategy to refurbish and develop the city's major asset of the Seafront. The Joint Acting Executive Director, Environment, Development & Housing provided a comprehensive verbal update to the Committee on each of the Strategic Risks.
- 48.2 Councillor Sykes asked how existing controls around housing support could be maintained in the context of continuing budget reductions and noted that the private housing rental sector had dramatically increased over recent years but there was no identification of the sector in the report.
- 48.3 In relation to private sector housing, the Joint Acting Executive Director, Environment, Development & Housing clarified that there had been a Scrutiny Panel review of the matter and recommendations had been submitted to Housing Committee. Amongst others, they included recommendations on closer working with Strategic Housing Partnership (SHP) on measures such as student accommodation and he was also aware that the Housing and Planning Bill currently being considered by Parliament would include a Private Sector Landlord Register. The Joint Acting Executive Director, Environment, Development & Housing further confirmed that there was still a Housing Support Budget although this, like other council budgets, was reducing year on year. That presented continuing pressure and the council was working towards different methods of delivery that would hopefully achieve the same output.
- 48.4 Councillor Morris noted the pressures placed upon housing availability by 'Party Houses' and asked what actions were being taken to address the matter.
- 48.5 The Joint Acting Executive Director, Environment, Development & Housing confirmed that there had also been a Scrutiny Panel held on the matter and the outcome had been reported to Full Council similarly with recommendations.

- 48.6 In respect of SR21, Diane Bushell asked if the Joint Acting Executive Director, Environment, Development & Housing if he was content that the risk rating had been reduced from red to amber.
- 48.7 The Joint Acting Executive Director, Environment, Development & Housing clarified that this was the correct course of action and the council was now intervening in a much more strategic manner in the city and city region than before.
- 48.8 In relation to SR23, Councillor Cobb stated that she was disappointed the council had not anticipated that repairs would be required to Madeira Terrace and implemented a planned maintenance programme. Councillor Cobb asked if there would be any impact on events held on Madeira Drive.
- 48.9 The Joint Acting Executive Director, Environment, Development & Housing stated that the structural design of the Terraces had meant that it had been difficult to maintain, inspect and repair. The Joint Acting Executive Director, Environment, Development & Housing added that the 2016 events calendar had been agreed at Economic, Development & Culture Committee the previous week and no events had been lost compared to the 2015 schedule.
- 48.10 Councillor Taylor asked if the Seafront Strategy included Saltdean Lido.
- 48.11 The Joint Acting Executive Director, Environment, Development & Housing confirmed that Saltdean Lido was included in the Seafront Strategy.
- 48.12 **RESOLVED-** That Members note the information provided in the Strategic Risk MAPs in Appendix 1 (Strategic Risk Assessment Report).

**49 ANNUAL AUDIT LETTER 2014/15**

- 49.1 **RESOLVED-** That the Committee note 2014/15 Annual Audit Letter.

**50 ORGANISATIONAL LEARNING REVIEW**

- 50.1 The Committee considered a report of the Interim Executive Director, Finance & Resources that summarised the findings and recommendations from the council's learning review following the dismissal of the Assistant Director for Housing.
- 50.2 Councillor Druitt stated that he found some of the findings of the review to be damning of the council. Councillor Druitt asked why whistleblowing attempts were unsuccessful and why governance arrangements were not always fully understood or applied.
- 50.3 The Interim Executive Director, Finance & Resources stated that the report examined issues across a number of years and the investigators comments were reflective of the workplace environment at that time.
- 50.4 The Deputy Head of Law added that the Whistleblowing Policy was in place and reflected in the constitution and was clearly advertised and accessible on the council's internal website and received accompanying publicity at its launch. The Deputy Head of Law supplemented that items had been received from staff and investigated arising from

the Whistleblowing Policy. Monitoring would be continued and reported to the Committee for Members to check and challenge.

- 50.5 Diane Bushell stated that she found paragraph 4.1 to be slightly complacent regarding progress and sought assurance that the council had improved in the areas of policy, culture and in its governance arrangements.
- 50.6 The Head of Internal Audit clarified that reports through the Whistleblowing Policy were being received and whilst significant progress in changing the workplace culture had been made, the full scope of change would take time. Furthermore, four out of ten of the recommendations arising from the investigation were in operation and progress was continuing on the remaining six.
- 50.7 The Deputy Head of Law stated that the complaint made against the former Assistant Director had arisen from the Whistleblowing mechanism. The council had improved the process, accessibility and handling of Whistleblowing reports and made concrete policy changes such as on contract standing orders and declarations of interest.
- 50.8 Councillor Robins stated his concern regarding the comments made in the investigation relating to Member/Officer relations.
- 50.9 The Deputy Head of Law clarified that the Members/Officer Code of Conduct was set out in the council's constitution and that would strike an appropriate balance if followed.
- 50.10 **RESOLVED-**
- 1) That the Audit & Standards Committee note the content of the learning review.
  - 2) That the Committee note the progress and improvements already made to address the areas under the recommendations.

## **51 TARGETTED BUDGET MANAGEMENT TBM 201516 MONTH 5**

- 51.1 **RESOLVED-** That the Audit & Standards Committee notes the update on the council's in-year financial position and the actions being taken to address forecast overspend risks.

## **52 FINANCIAL POSITION UPDATE**

- 52.1 The Committee considered a report of the Interim Executive Director, Finance & Resources that set out an update of the council's financial position as at Month 6 2015/16. The report had been referred for information from the Policy & Resources Committee meeting held on 4 November 2015.
- 52.2 Councillor Druitt asked for a breakdown of agency staff recruitment historically and under the current financial controls and the reasons for the employment of agency staff.
- 52.3 The Head of Financial Services stated that he did not have those figures to hand but could provide further information on agency spend subsequent to the meeting. The

Head of Financial Services clarified that agency spend was usually used in areas and to positions where it was difficult to recruit staff.

- 52.4 Councillor Taylor noted that savings at risk had increased from £900,000 at Month 5 to £1.1m at Month 6 and asked the reasons behind that.
- 52.5 The Head of Financial Services said that an analysis of the movement could be provided to Councillor Taylor.
- 52.6 Diane Bushell asked how the overspend in NHS Partnership arrangements would be challenged.
- 52.7 The Head of Financial Services clarified that the council were working closely with partners in the NHS to reduce the overspend. Furthermore, the council was in regular discussions with the Clinical Commissioning Group (CCG) to examine whether there was an underlying funding issue. The Head of Financial Services added that due to the nature of the S75 agreement, the NHS Trust managed S75 services require different treatment and discussions to council-controlled budgets.
- 52.8 **RESOLVED-** That the report be noted

### **53 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT**

- 53.1 The Committee considered a report that summarised the progress made against the Internal Audit and Corporate Fraud Plan 2015/16.
- 53.2 Councillor Sykes asked if the changes to the Audit Plan particularly the focus on IT systems would require specialist advice. Furthermore, Councillor Sykes noted the potential changes to the audit service and requested assurance that the integrity of such a key service would be retained.
- 53.3 The Head of Internal Audit confirmed that due to the specialist nature of IT systems, external services would be required. In relation to the potential changes to the service, the Head of Internal Audit clarified that the size of the audit programme had been reviewed and he believed there was scope to reduce workload without any reduction in the integrity of work.
- 53.4 Dr Horne asked if the Head of Internal Audit was confident in delivering the remaining audits in the 2015/16 programme. In addition, Dr Horne stated his belief that the committee should have some input on the future of the Internal Audit function.
- 53.5 Councillor Druitt expressed his concern that the benefits of economies of scale detailed in the report may also lead to a lack of focus in audit delivery and asked how the committee could ensure that was not the case.
- 53.6 The Head of Internal Audit stated that after considering the options available in determining the future of the service, it had been his judgement that working as part of a shared service agreement was the preferred option to ensure the integrity of internal audit. It was his expectation that the current Internal Audit team would still be based in Brighton & Hove and would benefit in learning from co-operation with other partners and



would allow the team to use specialist support from partners. In response to the matters raised by Dr Horne, the Head of Internal Audit clarified that he was confident the 2015/16 Audit Plan would be delivered to schedule. The Head of Internal Audit supplemented that subject to agreement by Policy & Resources Committee, a period of due diligence would be required for the proposal of a shared service agreement. There was an overlap of responsibility for the Internal Audit service between the Section 151 Officer, the Audit & Standards Committee and Policy & Resources Committee however; the ultimate decision would be made by the latter.

53.7 **RESOLVED-** That the Audit and Standards Committee note the report

**54 ITEMS REFERRED FOR COUNCIL**

54.1 No items were referred to Full Council for information.

The meeting concluded at 6.30pm

Signed

Chair

Dated this

day of