

BRIGHTON & HOVE CITY COUNCIL

AUDIT & STANDARDS COMMITTEE

4.00pm 8 MARCH 2016

THE RONUK HALL, PORTSLADE TOWN HALL

MINUTES

Present: Councillors A Norman (Chair) Chapman, Cobb, Druitt, Morris, K Norman, Robins (Group Spokesperson) and Sykes (Group Spokesperson)

Independent Members present: Diane Bushell, Dr David Horne

PART ONE

72 PROCEDURAL BUSINESS

73a Declarations of substitutes

73.1 Councillor Ken Norman was present as substitute for Councillor Taylor.

73b Declarations of interests

73.2 There were none

73c Exclusion of the press and public

73.3 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.

73.4 **RESOLVED** - That the press and public not be excluded from the meeting.

73 MINUTES

73.1 **RESOLVED** – That the minutes of the previous meeting held on 12 January 2016 be agreed and signed as the correct record.

74 PUBLIC INVOLVEMENT

74.1 No items from members of the public were received.

75 MEMBER INVOLVEMENT

75.1 No items from Members were received.

76 STRATEGIC RISK FOCUS: SR15 KEEPING CHILDREN SAFE FROM HARM AND ABUSE; AND SR17 SCHOOL PLACES PLANNING

76.1 The Committee considered a report of the Acting Director of 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). Action to manage each Strategic Risk is led by a Risk Owner, a member of ELT. The meeting was attended by the Executive Director, Children's Services as the Risk Action Owner for SR15: Keeping Children Safe from Harm and SR17: School Places Planning. The Executive Director, Children's Services provided a verbal update on both Risks and answered Members' questions based on the Strategic Risk Report.

76.2 In relation to SR15: Keeping Children Safe from Harm, Councillor Sykes noted that there had been an increase in referrals from neighbouring authorities and asked how cross-border movement was monitored.

76.3 The Executive Director, Children's Service clarified that in cases such as these, the relevant Child Protection Plan (CPP) would be shared by the local authorities. Where the authority was unaware of cross-border movement, help was sought from colleagues in the health and police services.

76.4 Diane Bushell enquired as to reason why the number of Children in Care (CiC) and Children in Need (CiN) were significantly higher than in other authorities. Furthermore, Diane Bushell asked if there was a trend in children in poverty and why only 20% progress had been made in ICT information storage and retrieval processes.

76.5 The Executive Director, Children's Service replied that the number of children on CPP's had been at a high level for a number of years which had prompted analysis of the social demographic. This had found there were key issues contributing to the higher numbers: substance and alcohol misuse, mental health and domestic abuse. One of the major changes made in relation to the findings was that the same social worker would stay with children from the point they entered the care system to the point they left. This, amongst other initiatives, had led to a drop in CiC and the number of CPP's which now was at its lowest level for a number of years. The Executive Director, Children's Service further explained that the poverty trend in the city was slightly downward although forthcoming changes to the welfare system would present challenges. In relation to the final point, the council was undertaking a major programme to consolidate its ICT records and this would be assisted by the recently agreed digital investment programme.

76.6 Councillor Druitt noted the improvements in the number of CiC and asked if there were lessons to be learned to continue that trend.

76.7 The Executive Director, Children's Service stated that a part of the reduction had been a joined approach with health services, changes to arrangements with families such as a

'step-down' process for CiC which had all contributed to a significantly reduced re-referral rate. Furthermore, regular audits were carried out and the issue was considered thoroughly by the Child Review Board.

- 76.8 In relation to SR17: School Places Planning, Councillor Robins noted that expansions to increase class size at three schools in Portslade had been carried out in anticipation of school places pressure in the city. All of these schools were now struggling to reach their capacity. Councillor Robins asked how this scenario could be avoided in future.
- 76.9 The Executive Director, Children's Services stated that he understood the pressure on places related to the Hove and West Hove area and capacity at the three schools was intended to ensure sufficient spaces over the wider area. The increase in population had materialised in the central Hove area but had been offset somewhat by the opening of the Bilingual School. Although it was difficult to determine entry numbers at primary school level, GP and nursery data was constantly reviewed to ensure effective planning where that could be done.
- 76.10 **RESOLVED-** That Members note the information provided to address these strategic risks in Appendix 1, Strategic Risk Assessment Report.

77 TARGETED BUDGET MANAGEMENT (TBM) 2015/16 MONTH 9

- 77.1 The Committee considered a report of the Acting Director of Finance & Resources that provided the Targeted Budget Management (TBM) 2015/15 Month 9 report and an extract of proceedings of the Policy & Resources Committee held on 11 February 2016 from which the report had been referred; together with a specific report to the Audit & Standards Committee from the Acting Director of Finance & Resources.
- 77.2 Councillor Druitt noted the recruitment controls put into place and detailed at paragraph 1.3 and conveyed his concern that the process appeared random rather than planned and could lead to significant gaps in some service areas.
- 77.3 The Principal Accountant – Corporate Finance & Resources clarified that part of the recruitment control was to encourage service redesign where appropriate as vacancies arose. However, if a service required a vacancy to be filled to maintain service provision, a case could be made to the Executive Leadership Team for approval to recruit to a post. There were also exemptions from the controls with regard to statutory services, e.g. Adult Social Care residential services, where statutory minimum staffing requirements must be maintained.
- 77.4 Councillor Druitt asked if preventive measures were being put in place to avert budget overspend in the future.
- 77.5 The Principal Accountant - Corporate Finance & Resources stated that the council's budget had a number of volatile demand-led services that could lead to unexpected increases or decreases in costs. To some degree, identifying those earlier in the financial year allowed for review and to reduce those down immediately or over the course of the year.

- 77.6 Diane Bushell stated there were a number of 'scam' operations on elderly people in Brighton & Hove which could have an impact upon the Adult Social Care budget should victims need support. Diane asked if any preventative measures were being taken by the council in this area.
- 77.7 The Principal Accountant- Corporate Finance & Resources stated that he did not have any information on this but would make enquiries into the matter.
- 77.8 **RESOLVED-** That the Audit & Standards Committee notes the update on the council's in-year financial position and the continuing actions taken to address forecast overspend risks.

78 RISK MANAGEMENT STRATEGY ANNUAL PROGRESS REPORT 2015

- 78.1 The Committee considered a report of the Acting Director, Finance & Resources detailing progress made against the Risk Management Strategy 2014-17.
- 78.2 Dr Horne stated that he welcomed the opportunity for the committee to input into the new strategy later in the year. Dr Horne enquired as to the key challenges and objectives for 2016/17.
- 78.3 The Risk Management Lead stated that challenges would be presented in organisational changes with a focus on partially achieved areas being a priority for the forthcoming year.
- 78.4 Councillor Robins noted the reference to risk opportunity and asked if that term could be explained further.
- 78.5 The Risk Management Lead clarified that the definition was in accord with the definition of risk management as the negating of risk and promoting 'take up' of opportunity.
- 78.6 **RESOLVED-** That Members note the report.

79 ERNST & YOUNG: 2015/16 AUDIT PLAN

- 79.1 The Committee considered a report of Ernst & Young that set out the 2015/16 Audit Plan detailing the work intended to be carried out in line with their responsibilities as the council's external auditor. The report summarised the progress to date, an assessment of the key risks which drive the development of an effective audit and outlined Ernst & Young's planned audit strategy in response to those. Furthermore, the report included a Local Government Sector Briefing summarising some of the issues facing the sector as a whole.
- 79.2 The Chair asked for an opinion from Ernst & Young on whether they felt the council was meeting its expectations on Value for Money (VfM). The Chair noted that whilst she welcomed a reduction in fees from the external auditors, she hoped this was not due to a reduction in service.
- 79.3 Paul King stated there would be no reduction in service and the fee reduction was a reflection of the change in contractual arrangements related to the abolition of the Audit

Commission. In relation to VfM, the report findings would review the council's arrangements to this regard rather than an analysis of the servicing of VfM.

79.4 Councillor Druitt asked for further information regarding the changes to the audit fee relating to the abolition Audit Commission.

79.5 Paul King explained that some functions of the Audit Commission and been retained where it was found retention had continuing value. Areas where this was not the case had been discontinued meaning a drop in fees relating to that work.

79.6 Dr Horne stated that it would be useful for the committee to receive an update to its meeting in June on the VfM programme and pension scheme. Dr Horne enquired as to why there would be no update on Grant Claims Work until the meeting in September.

79.7 Paul King stated that the update report in June would give as much detail as possible as to work carried out up to that point. Grant Claims Work would be provided in September as the bulk of the work necessary would not be completed in time for the June meeting.

79.8 **RESOLVED-**

- 1) That the 2015/16 Audit Plan be noted.
- 2) That the committee notes the Local Government sector briefing.

80 AUDIT AND CORPORATE FRAUD - INTERNAL AUDIT STRATEGY AND PLAN 2016/17

80.1 The Committee considered a report of the Acting Director of Finance & Resources that requested approval of the Internal Audit and Corporate Fraud Strategy and Plan 2016/17.

80.2 Diane Bushell noted that recommendation tracking was assigned 30 days in the programme and asked if that could not be reduced and instead those officers not following procedures could be crossed charged for adding further work for Internal Audit.

80.3 The Head of Internal Audit stated that education to promote completion was the current preferred approach.

80.4 Councillor Sykes asked for clarification on the trajectory of audit days. A target of 1400 had been set at the start of 15/16 but was now expected to meet 90% completion and had been further reduction for the 2016/17 year to 1115 days.

80.5 The Head of Internal Audit clarified that it was expected that 1200 days would be completed this year and a target of 1115 had been set for 2016/17. Due to varying pressures on the service, completion rates did vary but he did not expect the number of audit days to drop below 1100 in the long-term.

80.6 Dr Horne asked of the outstanding 10% of work yet to be delivered, how much would be delivered in the 2016/17 Plan. Dr Horne also asked for any update on the Mears contractual issue.

80.7 The Head of Internal Audit explained that much of the 10% of work outstanding did not have a risk as high as first assumed so had been reduced in terms of priority. Action on the remaining items would be detailed in the Annual Audit report to the committee. In relation to the incident of fraud relating to the council's contract with Mears, the council had received the first tranche of repayments from Mears for the most recent 17 month period and were working with Mears to establish any incidents of fraud from the period before that.

80.8 **RESOLVED-** That the Audit and Standards Committee approves the Internal Audit and Corporate Fraud: strategy and plan 2016/17.

81 DUE DILIGENCE FOR INTERNAL AUDIT AND CORPORATE FRAUD JOINING ORBIS

81.1 The Committee considered a report of the Acting Director of Finance & Resources that set out progress made in carrying out due diligence for assessing the effectiveness of internal audit at Brighton & Hove City Council provided through Orbis.

81.2 Dr Horne stated that he welcomed the proposal of a further report to the June committee meeting and recommended that members of the committee meet informally to discuss the issue. Dr Horne stated that whilst he appreciated the issue was one of transition and was constantly developing, it was important for the sovereignty of the committee that it continue to be responsible for Internal Audit functions.

81.3 The Head of Internal Audit stated that the formal Orbis arrangements would be an important step in the future of Internal Audit and he would be happy to facilitate an informal meeting.

81.4 Councillor Sykes stated that he believed the sovereignty of the authority in respect to Internal Audit arrangement should be made firmer in the due diligence process.

81.5 The Head of Internal Audit stated that there was consistency between partners on future arrangements that would be reflected through the formal process.

81.6 RESOLVED-

1) That the Committee notes the progress made in carrying out due diligence for internal audit joining Orbis.

2) That the Committee notes its wider role in considering the arrangements for due diligence for wider support functions joining Orbis.

82 INTERNAL AUDIT AND CORPORATE FRAUD PROGRESS REPORT

82.1 The Committee considered a report of the Acting Director of Finance and Resources that summarised the progress made against the Internal Audit and Corporate Fraud Plan 2015/16.

- 82.2 Diane Bushell asked how the council compared to other authorities on implementation rates.
- 82.3 The Head of Internal Audit replied that he was currently benchmarking with other authorities on this matter. Initial data suggested demonstrated one authority had a 95% implementation rate but this was only for high risk items.
- 82.4 Paul King from Ernst & Young supplemented that from his experience, practices and performance varied widely and some authorities only tracked high and medium risk issues.
- 82.5 Councillor Druitt noted that council tax was amongst the high priority recommendations not yet implemented and stated that as a ward councillor, he received a high amount of casework on the issue.
- 82.6 The Head of Internal Audit stated that the recommendation related to a backlog of student exemptions and had been an ongoing issue due to staff shortages within the service. The Head of Internal Audit added that he was unsure of the specific methods by which it was intended to clear the backlog.
- 82.7 The Principal Audit Manager stated that there was a challenge to the service in monitoring council tax due to Brighton and Hove's transient population. He understood that going forward, the systems used by the service would be more sophisticated.
- 82.8 **RESOLVED-**
- 1) That the Audit and Standards Committee note:
- progress made on the audit plan for 2015/16
 - progress made against recommendations
 - continued success in tackling fraud and corruption

83 STANDARDS UPDATE

- 83.1 The Committee considered a report of the Head of Law and Monitoring Officer that updated Members on Standards related issues and activities since the previous meeting.
- 83.2 **RESOLVED-** That Members note the report.

84 SOCIAL MEDIA PROTOCOL FOR MEMBERS AND SOCIAL NETWORKING POLICY FOR EMPLOYEES

- 84.1 The Committee considered a report of the Head of Law & Monitoring Officer that provided the outcome of a review of the protocol on use of social media by Members and a social networking policy for employees first approved by the Committee at its meeting in April 2013.
- 84.2 Councillor Ken Norman expressed his agreement that those in civic office occasionally suffered "blurred identities" and the guidance would be useful in

terms of providing information to Members on how to navigate this.

84.3 The Chair agreed and stressed that it was important for Members to note that the document was guidance only and not strict policy.

84.4 Dr Horne stated that it would be useful for the committee to note that the last Standards Hearing upheld related to online social media abuse.

84.5 Councillor Chapman stated he felt it would be useful for Members to be reminded of the seven principles of public life when the guidance was circulated.

84.6 Councillor Cobb stated that she believed the report should be referred to Full Council for discussion as there were a number of issues that should be debated.

84.7 **RESOLVED-**

- 1) That the committee approves the revised Social Media Protocol for Members at Appendix 1.1 to the report.
- 2) That the committee notes the Social Networking Policy for Employees at Appendix 1.2 to the report.
- 3) That the committee note that the revised Social Media Protocol will be circulated to all Members, together with an explanatory covering letter which highlights the changes which have been made to it.

85 GUIDANCE ON MEMBER CORRESPONDENCE

85.1 The Committee considered a report of the Head of Law & Monitoring Officer that proposed new guidance on Member correspondence. The aim of the guidance was to provide Members with greater clarity regarding the expectations made of them given increasing volumes of correspondence received with the objective that Members have broad guidance on how to reduce the risk of complaints being made against them.

85.2 Councillor Druitt noted that Members on occasion received blanket correspondence on one issue and it would be very difficult to meet the requirement to respond within three days due to sheer volume.

85.3 Councillor Robins noted that some online petition websites by default sent an unsolicited email to Members when they were signed that added further blanket correspondence.

85.4 Councillor Cobb stated that it was sometimes difficult to reply to correspondence due to significant delay in officers providing Members with the information they needed. Councillor Cobb felt an Officer to Member correspondence framework was required.

85.5 The Lawyer representing the Head of Law & Monitoring Officer noted that she would consider the observations made by the committee for the guidance document including a paragraph relating to correspondence that could be deemed as spam when it was circulated to all Members. The Committee Lawyer advised that there was already existing guidance on timelines for officer to reply to correspondence.

85.6 RESOLVED-

- 1) That the Committee approves the Guidance on Member Correspondence at Appendix 1 to the report
- 2) That the Committee agrees that the approved Guidance be circulated to all Members together with a covering letter which explains its objective.

86 ITEMS REFERRED FOR COUNCIL

86.1 Councillor Cobb stated that she believed Item 84: Social Media Protocol for Members and Social Networking Policy for Employees should be referred to Full Council.

86.2 Councillor Robins stated that he did not agree with the request as it may lead to unnecessary dispute.

86.3 Councillor Druitt agreed adding that there may be a risk that the report would be misunderstood as enforcing mandatory requirements upon Members when the document was in fact guidance only.

86.4 The Lawyer representing the Head of Law & Monitoring Officer reminded Members that the report was a review of Policy already in place with recommended amendments.

86.5 The Committee agreed to circulate the revised protocol to Members via email.

The meeting concluded at 6.35pm

Signed

Chair

Dated this

day of