

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 22 JANUARY 2013**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), K Norman, Lepper, Sykes and Wealls

**Independent Persons & Co-opted Members:** Dr Lel Meleyal

**PART ONE**

**61. PROCEDURAL BUSINESS**

**61a Declarations of substitutes**

61.1 Councillor Norman was present in substitution for Councillor Smith.

**61b Declarations of interests**

62.2 Councillor Sykes noted he had a non-pecuniary interest in Item 67 as he had been the subject of one of the complaints.

**61c Exclusion of the press and public**

61.3 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.

61.4 **RESOLVED** - That the public are excluded from the meeting from items listed on Part 2 of the agenda.

**62. MINUTES**

62.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 20 November 2012 as a correct record.

**63. CHAIR'S COMMUNICATIONS**

63.2 The Chair explained he had received apologies from Dr David Horne; however, he had sent the Chair a series of questions in relation to items on the agenda, and the Chair would put these to Officers at the appropriate points in the meeting.

**64. PUBLIC INVOLVEMENT**

64.1 There was none.

**65. MEMBER INVOLVEMENT**

65.1 There was none.

**66. DATE OF NEXT MEETING**

66.1 **RESOLVED** – That the date of the next meeting be moved to Tuesday 16 April 2012 at 4 p.m.

**67. STANDARDS UPDATE**

67.1 The Committee considered a report of the Monitoring Officer in relation to the Standards Update; it updated the Committee on allegations about member conduct following the last report to the Committee on 20 November 2012. The decision notices for complaints that had been closed were set out at Appendix 1 to the report.

67.2 The Head of Law and Monitoring Officer explained that a reduction in complaints had originally been envisaged under the regime; however, the Council had received a steady number. Thanks were extended to the work of the Independent Persons in the initial consideration of complaints. It was noted that as the Monitoring Officer now had delegated powers the system was considerably more streamlined and efficient; the turnaround of complaints had also become shorter. The arrangements would be kept under review, and any proposed changes would be brought to the Committee before July 2013.

67.3 Councillor Wealls asked if Members who had been involved in the process could be consulted as part of the review.

67.4 **RESOLVED** – That the Committee note the report.

**68. MANAGING CONFIDENTIAL INFORMATION**

68.1 The Committee considered a report of the Head of Law and Monitoring Officer in relation to Managing Confidential Information. The report sought to inform the Committee on the outcome of the investigation into incidents of unauthorised disclosure of confidential information, and the proposed actions to address the identified shortcomings.

- 68.2 Councillor Hamilton noted that the report had been discussed at the pre-meeting, and following this Officers had taken advice and moved items previous listed as Part 2 into Part 1 on the agenda.
- 68.3 Councillor Lepper welcomed the report, and went to discuss the increased use of social media by Officers and Members. She stated there was no guidance in relation to the matter, and asked that clearer protocols be put in place to help guide both Officers and Members. The Head of Law and Monitoring Officer agreed that clarity and updated guidance was necessary.
- 68.4 Councillor Sykes explained that he welcomed the additional openness and transparency, and asked how the new Code of Conduct sought to address breaches of confidentiality by Members. In response the Head of Law and Monitoring Officer explained that the regime had no formal sanctions that could be imposed for Members found to have breached the Code; however, Standards Panels could make recommendations to Group Leaders that Members be removed from Committees. Furthermore the Council had the power to withdraw facilities if there was persistent misuse; however, there was case law that suggested this could not affect their ability to operate as a Councillor.
- 68.5 The Head of Law and Monitoring Officer added that the changes proposed in the report would need the support of Committee Chairs and Officers.
- 68.6 Dr Meleyal stated that she worked with a number of regulatory bodies, and there was an understanding that social media had gathered pace faster than guidance could be drafted to deal with this growth.
- 68.7 Councillor Hamilton suggested that the report be referred to Council for information.
- 68.8 **RESOLVED –**
- i. That the Committee notes, and agreed in principle, the proposed actions and implementation schedule as set in this report and the appendix.
  - ii. That the Committee notes that further reports will be submitted to the Committee with proposed revisions to the various codes and protocols that fall within the remit of the Committee, especially many of those covered under Action 3 in paragraph 3.3 of the report.
  - iii. That the report be referred to Council for information.

**69. ERNST & YOUNG: PROGRESS REPORT 2012/13**

- 69.1 The External Auditors introduced the report explained that since the transfer to Ernst & Young the scale fee had been reduced by 40%. In relation to the 2011/12 audit it was explained that this had been completed including the report on claims and returns. The work on the 2012/13 audit was already underway, and close work with internal audit was being undertaken to avoid a crossover. The audit for 2012/13 would now be able to cover the whole population of data – rather than just a sample. Work had also begun on the VFM conclusion.

- 69.2 Councillor Ann Norman asked a question in relation to some of the language used around 'adequate corporate arrangements'. In response it was explained that the wording related to specific terminology; however, it was agreed that it would be useful to give an indication of the strength.
- 69.3 Councillor Sykes asked how benchmarking could inform the VFM conclusion, and it was explained that over time the Audit Commission had moved away from national studies, and there was no longer benchmarking in this sense. Instead the Audit Commission had sought to look at the financial resilience of the arrangements.
- 69.4 The Chair asked a question on behalf of Dr Horne, and it was explained that in relation to the transfer of Public Health functions to the local authority there had been initial issues in the identification of a budget to be transferred; as well as consideration of the necessary contracts. It was noted that the Council was already in a stronger position as Public Health employees had been resident in Council offices for 5 years. In terms of audit priorities there would be no specific work in relation to the transfer.
- 69.5 **RESOLVED** – That the Committee consider the 2012/13 external audit progress update and attached sector update; ask questions as necessary and note the progress report.

#### **70. ERNST & YOUNG FEE LETTER 2012-13**

- 70.1 The proposed annual fee was set out in a letter at Appendix 1 to the report; the fee letter outlined the planned audit fee and the proposed work programme.
- 70.2 Councillor Wealls asked if the savings would be generated through additional support from internal audit; in response the Director of Finance explained that the current budget provision took all audit savings as a single saving; however, this was not the original intention and it was now envisaged that some of this could be retained for audit. Officers would be looking for a means for put this back into the budget process.
- 70.3 Councillor Sykes noted that the procurement was for 5 years and asked for more information on what factors might cause the fee to rise in subsequent years. In response it was explained that the scale fee was set based on the level of perceived risk; and to an extent internal audit was an indicator to help set the level. If the external auditors felt more work was necessary they would liaise with the Director of Finance; in the past internal audit had been proactive in providing additional support.
- 70.4 **RESOLVED** –
- i. That the Committee review the fee letter and raise any questions with the external auditors
  - ii. That the Committee approve the proposed fee letter.

#### **71. ERNST & YOUNG 2011/12 ANNUAL CERTIFICATION REPORT**

- 71.1 The external auditors introduced the report and explained that the Council claimed large sums of public money in grants and subsidies from government departments and other

grant-paying bodies, and in some areas had to complete returns providing financial information to government departments. The certification work provided assurance to government departments and grant-paying bodies that claims for grants and subsidies were made properly, or that information on financial returns was reliable. The report summarised the outcomes of the work on 2011/12 claims and returns.

- 71.2 **RESOLVED** – That the Committee note the 2011/12 annual certification report and ask questions as necessary.

## 72. ANNUAL GOVERNANCE STATEMENT 2011/12 - ACTION PLAN PROGRESS

- 72.1 The Head of Audit & Business Risk introduced the report and explained that it included an action plan for improvements to the Council's governance framework, and the Committee should seek assurance over the effective implementation. The report also provided an update on the Council's progress in implementing actions agreed in the Annual Governance Statement for 2011/12.

- 72.2 Councillor Sykes explained he was surprised to see the HR management already indicating at green, and in response it was explained that this was against the audit actions as all had now been implemented. The Director of Finance also updated that the Council was joining more benchmarking groups to better contextualise data and reporting.

- 72.3 Councillor Ken Norman asked for more information in relation to the Clinical Commissioning Group (CCG) in the city; in response it was explained that as movement was made towards the new CCG – with new functions – thought would have to be given to the section agreement.

- 72.4 In response to a query from Councillor Wealls it was explained by the Director of Finance that as part of the process of writing the annual statement a reflection would have to be provided on the state of controls at the end of the financial year. The Committee would be asked to comment on the on the Annual Governance Statement. The new guidance gave a more prescribed format and requested reporting on significant weaknesses; however, the Council had in the past highlighted areas for improvement and used the previous Audit Committee to challenge this. This information would be brought to the June 2013 meeting together with an action plan.

- 72.5 **RESOLVED** – That the Committee considers the Annual Governance Statement 2011/12 Action at Appendix 1 and comments on any issues identified in relation to the work Officers have undertaken to improve the Council's corporate governance arrangements.

## 73. INTERNAL AUDIT PROGRESS REPORT 2012/13

- 73.1 The Head of Audit & Business Risk introduced the report and explained that it sought to update the Committee on the progress made against the Internal Audit Plan 2012/13, including the outcomes of specific audit reviews complete, agreed management actions and Internal Audit Key Performance Indicators.

- 73.2 Councillor Hamilton asked if Officers were confident of delivering the remaining and high priority audits that had not commenced; Officers explained they were reasonable confident of achieving this.
- 73.3 Following a query from Councillor Sykes it was explained that the report to the previous Committee had suggested the services could call on outside support to complete the work; however, this had not been necessary so far, and it was envisaged service improvements would ease this position in future years.
- 73.4 Councillor Wealls asked about public health arrangements listed in the report, and in response it was explained that there were 3 listed with assurances.
- 73.5 **RESOLVED** – That the Committee notes the progress made in delivering the Annual Internal Audit Plan

#### **74. DELIVERING GOOD GOVERNANCE IN LOCAL GOVERNMENT**

- 74.1 The Committee considered a report of the Director of Finance with information on Delivering Good Governance in Local Government; it was noted that good governance enabled the Council to pursue its vision and achieve its priorities, underpinned with effective control and the management of risk. The new guidance was published in December 2012 to assist local authorities in reviewing the effectiveness of their own governance arrangements through self assessment and reference to best practise.
- 74.2 The Head of Law and Monitoring Officer explained that one aspect of good governance is the way the Council makes decisions, and the other is capacity; the capacity had worked well and public engagement had been effective – the Council was currently in the process of reviewing this. The view of the Council was that it was highly compliant.
- 74.3 **RESOLVED** – That the Committee note the publication of the new guidance; its key contents and actions planned by the Council to further develop and demonstrate good governance arrangements.

#### **75. TARGETED BUDGET MANAGEMENT (TBM) 2012/13 MONTH 7**

- 75.1 The Committee considered a report of the Director of Finance on the Targeted Budget Monitoring (TBM), a key component of the Council's overall performance monitoring and control framework. The forecast outturn position was set out as of Month 7 on the Council's revenue and capital budgets for the financial year 2012/13.
- 75.2 In response to a query from Councillor Wealls it was explained by the Director of Finance that the Dedicated Schools Grant savings were effectively a funding switch as some of the services that were funded through the General Fund could be done through the Schools Fund to meet the General Fund Savings target.
- 75.3 **RESOLVED** – That the Committee note the report to the Policy & Resources Committee on 29 November 2012 (Appendix 1).

**76. TREASURY MANAGEMENT POLICY STATEMENT (INCORPORATING THE ANNUAL INVESTMENT STRATEGY) 2012/13 - MID YEAR REVIEW**

- 76.1 The Committee considered a report of the Director of Finance on the Treasury Management Policy Statement 2012/13 – Mid Year Review. The report was considered by the Policy & Resources Committee and forwarded to the next available meeting of the Audit & Standards Committee for scrutiny and examination in the context of the role of the Committee in reviewing the adequacy and effectiveness of the Council's control framework including financial management processes.
- 76.2 Councillor Sykes asked about achieving better investment of funds by working with other local authorities. In response the Director of Finance stated that there were not always obvious ways to progress this; there had been a Member TBM workshop in June 2012 which helped demonstrate how the Council was at the forefront of pushing financial models.
- 76.3 Following a query from Councillor Wealls the Director of Finance explained that most investment in banks was short-term; as the Council was not able to make long-term equity investments. In the previous year the Council had sought to broaden the number of investments to spread the portfolio more wisely.
- 76.4 Councillor Ann Norman noted the excellent work of the Treasury Management Team, and stated that the Council made ethical investments as far as possible. Councillor Sykes noted it was important that the Council consider how it invested money.
- 76.5 **RESOLVED** – That the Committee note the report to the Policy & Resources Committee on 29 November 2012 (appendix 1) and the subsequent recommendations and resolution.

**77. STRATEGIC RISK MAP FOCUS - SR10 INFORMATION GOVERNANCE MANAGEMENT**

- 77.1 The Committee considered a report of the Director of Finance in relation to the Strategic Risk Management Action Plan Focus – SR10 Information Governance Management. The meeting was attended by the Head of ICT who provided an introduction covering some of the following key points. There had been a complete review of information policies, and an appointment of a Senior Information Risk Officer. Significant work had been undertaken on staff training and creating areas of accountability across the Council. Work had also been undertaken around records management and retention schedules. Audits had also been undertaken to assess where data was held across the Council and how this was managed and disposed of. Pressure related to resources and capacity, but it was envisaged an information management culture could be nurtured.
- 77.2 The Chair asked about the risk in this area and it was explained that there were new processes and practices which were bedding in such as working with the Police and a more mobile and flexible workforce, and this meant the risk remained high.
- 77.3 The Director of Finance noted the volume of work done in this area in the last few months, and highlighted there was still a considerable amount to complete. Assurance

was given to the Committee that there were enough resources being provided to properly address these issues.

- 77.4 Following a query from Councillor Sykes the Head of ICT explained that there was an ever growing demand for information, and this had to be reconciled against the need to deliver this safely and securely.
- 77.5 The Head of Law and Monitoring Officer highlighted the information governance was not about restricting access to information, but ensuring openness where it was appropriate.
- 77.6 **RESOLVED** – That the Committee note the update from the Head of ICT.

**78. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS – SR6 SAFEGUARDING VULNERABLE MEMBERS OF OUR COMMUNITY**

- 78.1 The Committee considered a report of the Director of Finance in relation to the Strategic Risk Management Action Plan Focus – SR6 Safeguarding vulnerable members of our community; this was split into the two areas of adults and children respectively.
- 78.2 The Director of Adult Services, Denise De Souza, discussed safeguarding adults and explained that the starting point was to ensure good governance both internally and externally; this was done through the Joint Commissioning Board and monitoring. Work was undertaken to ensure partners were working together, and understood the statutory responsibilities in relation to safeguarding. There was a Board action plan to consider these kinds of matters. A peer review had also helped identify best practice. There were control mechanisms in place, and feedback was received where appropriate, and it was considered important that the thresholds for safeguarding were proper and robust. It was considered that there would be appropriate capacity in the budget to meet the safeguarding priorities.
- 78.3 Councillor Ken Norman noted he had worked closely with this service for some time and it was his experience that issues in relation to safeguarding were acted upon instantly, and there were the appropriate measures in place for best practice.
- 78.4 The Interim Director of Children's Services, Heather Tomlinson, and the Lead Commissioner: Integrated Families, Steve Barton discussed safeguarding children and explained how risk was managed; this was undertaken by checking the quality of professional work; the multi-agency work and the partnership with the Safeguarding Board. Work was being done to create additional capacity in the Board to undertake audit work, and a recent report to the Health & Wellbeing Board had showed some of the strength in practices. There was an action plan with the Safeguarding Board and peer reviews and health visits had been undertaken. A lot of work was being undertaken with schools – especially in relation to health services and trying to engage schools with agencies. An Special Educational Needs (SEN) Strategy had recently been re-launched in line with new legislation in relation improving safeguarding for young people with SEN or disabilities. The Stronger Families; Stronger Communities Initiative was also highlighted in detail including the following: the scheme offered Payment by Results, and the Council had been targeted to engage with 675 families. A twin track strategy had been set up with a range of staff from different professions, and the model had to be



multi-agency. Currently 439 families had been identified, and Officers were confident they could make an impact. Some emerging themes had already been noted.

- 78.5 Dr Meleyal asked about the capacity of the Safeguarding Board, and it was explained that moves had been made recently to increase the capacity; it was noted that some partners had a role across other areas.
- 78.6 Following queries from Councillor Wealls it was explained that the pay by results for the Stronger Families Initiative was based on £1.4 million for engagement – which Officers were confident would be achieved, and £800k for the outcomes. The National Troubled Families Unit would be taking a ‘light touch approach’ based on data signed off by internal audit.
- 78.7 In response to a further query from Dr Meleyal it was clarified that there would be an evaluation report using national data.
- 78.8 **RESOLVED** – That the Committee note the update from the Director of Adult Services; the Interim Director of Children’s Services and the Lead Commissioner: Integrated Families.

**79. ITEMS REFERRED FOR COUNCIL**

- 79.1 **RESOLVED** – That Item 68: Managing Confidential Information be referred to the Council meeting on 28 February 2013 for Information.

**80. PART TWO MINUTES**

- 80.1 **RESOLVED** – That the Chair be authorised to sign the Part 2 minutes of the meeting held on 20 November 2012 as a correct record.

**81. PART TWO PROCEEDINGS**

- 81.1 **RESOLVED** – That the Part 2 Items remain exempt from disclosure from the press and public.

The meeting concluded at 6.15pm

Signed

Chair

Dated this

day of

