

**BRIGHTON & HOVE CITY COUNCIL**

**AUDIT & STANDARDS COMMITTEE**

**4.00pm 18 SEPTEMBER 2018**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Miller (Chair), Gilbey (Group Spokesperson), Sykes (Group Spokesperson), Cobb, Greenbaum, Lewry, Robins and Daniel

**Independent Members present:** Dr David Horne

**PART ONE**

**21 PROCEDURAL BUSINESS**

**a Declarations of substitutes**

21.1 Councillor Daniel was present as substitute for Councillor Morris.

**b Declarations of interests**

21.2 There were none.

**c Exclusion of the press and public**

21.3 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.

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

**22 MINUTES & ACTION LOG**

22.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 24 July 2018 as a correct record.

**23 CHAIR'S COMMUNICATIONS**

23.1 The Chair thanked Ernst & Young for their input and confirmed that no representatives from Ernst & Young were able to attend the meeting today.

**24 CALL OVER**

24.1 The following items on the agenda were reserved for discussion:

Item 27 – Strategic Risk Focus: SR13, SR20, SR32 and SR33

Item 28 – External Audit Annual Audit Letter 2017 / 18

Item 29 – Mark Dallen Internal Audit Progress Report – Quarter 1  
Part Two:

Item 34 – Housing Electrical Works (Exempt Category 3 & 5)

**25 MEMBER INVOLVEMENT**

25.1 There was no member involvement.

**26 PUBLIC INVOLVEMENT**

26.1 There was no public involvement.

**27 STRATEGIC RISK FOCUS: SR13, SR20, SR32 AND SR33**

27.1 The Committee considered a report of the Executive Lead Officer, Strategy, Governance & Law that provided detail on the actions taken and future actions to manage each strategic risk.

27.2 The Risk Management Lead introduced the report together with the Executive Director - Health & Adult Social Care and the Head of Commissioning.

27.3 Councillor Sykes asked what preparation had been done around the impact of Brexit for SR13. The Executive Director Finance & Resources, replied that the Assistant Director - City Development & Regeneration had done some work on the financial implications of this issue in the city. The Executive Director Finance & Resources confirmed that there still remained a great deal of uncertainty but that some people had predicted economic and logistical shocks, citing examples such as the contingency plan regarding Kent County Council and the M20 (along the lines of 'Operation Stack') where there was speculation that back up could affect traffic around Brighton.

27.4 Councillor Sykes asked about the existing basket of risks incurred by Brexit and the Executive Director Finance & Resources, confirmed that he needed to bring in other officers to give a fuller answer in the future. He confirmed that he did not know how tax breaks around Brexit would be introduced or what their impact might be. The Chair confirmed that in the Audit & Standards Pre-meeting this issue in addition to the Newhaven Port impact on the A27 needed to be discussed and he felt this should be added to the Agenda in the future.

**SR13**

27.5 The Chair asked for specific questions around SR13 and Councillor Sykes queried how it could be ensured that the most vulnerable adults are being helped and how the threshold was interpreted by the Council.

- 27.6 The Executive Director - Health & Adult Social Care replied that it was his personal responsibility to ensure that vulnerable adults were safe and that safeguarding was not affected by any austerity measures as confirmed in the Safeguarding report that the Board would receive within the next month. The Executive Director - Health & Adult Social Care also confirmed that there are national standards agreed for these criteria and that the Council operate at a Substantial / Critical framework and therefore the bar does not get lowered.
- 27.7 In response to Dr Horne's query on whether the proposed action of training was the only way to alleviate this particular risk, the Executive Director - Health & Adult Social Care replied that training was important as was awareness on how to make a safeguarding referral and that there was a board overseeing all referrals. The Executive Director - Health & Adult Social Care said he would have to come back after the Committee to confirm on whether this also applied to the whistleblowing aspect that Dr Horne queried.
- 27.8 In response to Councillor Daniel's question on when these aspects of SR13 would start to improve, the Executive Director - Health & Adult Social Care stated that although the figure for vulnerable adults would never be zero as there would always be cases of abuse and safeguarding would always be in place, the number of cases in 2017 were reduced by 30 %.
- 27.9 In response to the Chair's question about the controls now in place to reduce risks and whether there was more work to be done, the Executive Director - Health & Adult Social Care confirmed that there was currently a good multi agency protocol, training was provided and that there should be no complacency.
- 27.10 In response to the Chair's final question on whether these figures would have an impact on the NHS and CCG and other bodies, the Executive Director - Health & Adult Social Care replied that there would definitely be consequences.

**SR20**

- 27.11 In response to a question from the Chair about whether there was an equal risk to the Council on the issue of personal injury for poorly managed services, the Executive Director - Health & Adult Social Care stated that services could perform better in terms of being more integrated.
- 27.12 In response to the Chair's question about why the dates in this section were in the past, the Risk Management Lead stated that the past dates simply recorded the date that each task had been completed.

**SR 33**

- 27.13 In response to Councillor Sykes question on whether the Council are currently giving less care to clients in Temporary Accommodation than those living on the street, citing the recent Newhaven deaths, the Executive Director - Health & Adult Social Care confirmed that the this issue was taken very seriously and that the Council had a Strategic Accommodation Board, where members of all Directorates united together as one Council in order to meet the demands of different vulnerable groups. The Executive

Director - Health & Adult Social Care also confirmed that they were trying to get a new Pathway properly established for those clients who require support in temporary accommodation.

- 27.14 In response to Dr Horne's question on whether there was a completed Need Assessment already in place for those with complex needs the Executive Director - Health & Adult Social Care stated that this was still being finished at present and that they were waiting to hear back from the Health and Wellbeing Board shortly on this matter, and that currently the Council were trying to fill the gaps in the right places.
- 27.15 In response to Dr Horne's question on whether Councillors were happy that the Needs Assessment was completed over a 12 – 15 month period, the Executive Director - Health & Adult Social Care noted that this was a long period, but that this reflected the way that some clients had to be managed.
- 27.16 In response to Councillor Robins' question on the number of deaths in Temporary Accommodation and how this compared with other Councils, the Executive Director- Health & Adult Social Care stated that he did not have exact figures to hand but that there was a report that is being currently finalised with figures over a two year period. That report is due to be published next month and he confirmed that its findings would be a priority action. The Executive Director- Health & Adult Social Care also confirmed Councillor Gilbey's note that there had been a recent improvement from the initial red rating to the current amber rating, due to having a framework to address this issue.
- 27.17 In response to Councillor Cobb's question regarding the consequence for clients when emergency accommodation becomes an immediate concern, the Risk Management Lead confirmed that there was not enough appropriate accommodation available for clients.

### SR32

- 27.18 The Executive Director Finance & Resources, introduced this item confirming that the fire safety aspect had not been covered during the last meeting due to lack of time. He then introduced Officers from the Health & Safety and Property & Design teams to answer queries.
- 27.19 In response to the Chair's query on the current situation on the Government enquiry into fire doors, the Officer stated that they are still waiting for the Government enquiry to be completed in the wake of the Grenfell enquiry. However he assured the Committee that the risk remained low. In reply to Councillor Robins' query about upgrading the fire doors' in order to bring them up to the 30 minute retardant standard that is required, the Officer stated that upgraded MHCLG had currently put a hold on fire door construction until they had further information.
- 27.20 In reply to Councillor Sykes' query about modes of communication in the event of a fire, citing a recent local incident in a glass blowing shop, the Officer confirmed that contact could be made through any colleague and that the Fire and Health Safety Board met on a monthly basis which links up officers from different areas and that there was a good relationship across the different sectors.

- 27.21 In reply to Councillor Cobb's questions on ways of save money on Health & Safety, the Executive Director Finance & Resources confirmed there were the right number of Health & Safety officers employed but that savings were being made where possible in light of the Council's financial position. The Head of Housing Strategy, Property & Investment then confirmed that more money had been made available and would be required in future to invest in safety, as the forthcoming report to Housing and New Homes Committee regarding fire safety would be expected to require further work.
- 27.22 In response to Councillor Lewry's query about the importance of how a fire door is hung correctly, the Officer confirmed that the installation was vital and that a random quality check had been undertaken to ensure the correct placement of fire doors throughout the Council. In response to Councillor Gilbey's query, the Officer also confirmed that all the regulations referred to fire doors in low rise flats as well as high rise blocks and that the regulations applied across all council residential accommodation. In response to Councillor Robins' question on the problem with the fire risk caused by the build-up of paint and how the Council are able to test these levels on walls in public buildings, the Officer confirmed that the Council followed the national guidance around this which was followed when planning works.
- 27.23 In response to the Chair's question on there being no risk actions in relation to this fire risk, the Risk Management Lead stated that if the initial risk rating was the same then there was no rating given at present.
- 27.24 In response to the Chair's query on the wider point of potential issues to visitors such as Pride overcrowding, the Officer replied that these were raised at Health & Safety groups where the Council actively liaised with other services such as Police and Environmental Health.
- 27.25 Dr Horne asked whether these issues regarding complex needs would be raised in the Health & Wellbeing Board and JSNA in order to speed up the progress of the Needs Assessment.
- 27.26 The Chair confirmed that the two following extra recommendations should be logged on the Action Log:
1. Councillor Sykes requested that a Report on the potential implications of Brexit on the City should be brought to the Committee.
  2. The Committee agreed on informing the Health & Wellbeing Board that the Needs Assessment form should be progressed more quickly as they are concerned about the protracted timescales and their effect on current risks.
- 27.27 **RESOLVED:** That the Committee:
- 1 Noted (as detailed in paragraph 3.3) the changes to the risk management process as agreed at ELT's away day in June 2018.
  - 2 Noted (as detailed in paragraph 3.4) the changes to the council's SRR.
  - 3 Noted Appendix 1 for details of SR13; SR20; SR32; and SR33.

4 Noted Appendix 2 'Suggested questions for Members to ask Risk Owners and officers on Strategic Risks'. This provided three generic questions with the intention to support Members to ask the right questions in accordance with their role as a Member of the Audit & Standards Committee.

5 That, having considered Appendix 1 and any clarification and/or comments from the officers, the Committee makes any recommendations it considers appropriate to the relevant council body.

## 28 EXTERNAL AUDIT ANNUAL AUDIT LETTER 2017/18

- 28.1 The Committee considered a report of Ernst & Young that summarised the findings of the 2017/18 audit and included key messages arising from the audit of the financial statements and the results of work undertaken to assess the council's arrangements to secure value for money on its use of resources. The Executive Director of Finance & Resources presented this report in the absence of representatives from Ernst & Young. The Officer confirmed that all queries had already been fully answered and that now they could close down the audit since they had a clean audit opinion secured.
- 28.2 Councillor Sykes queried the Pension deficit stated on page 62 points 2.4 – 2.7 and asked if in spite of the Council's increasing contribution every year, this increase was now slowing down. The Executive Director of Finance & Resources confirmed that the rate of increase was by 0.5% per year and was budgeted for. The contributions were effectively dictated by actuarial valuation, and even if the Fund was seeing positive investment returns, the number of pensions and their longevity was likely to increase at least as fast as the contributions.
- 28.3 The Chair queried the high spend on Council tax and Housing Benefits stated on page 66 and asked if this was due to protecting vulnerable tenants or increased administration costs. The Executive Director of Finance & Resources stated that this was due to the high relative cost of rents and housing in the City, and that many housing benefit claims were paid at or close to the cap.
- 28.4 The Chair asked about the level of reserves which had increased during 2017/18, as stated on page 66. The Executive Director of Finance & Resources stated it this was a complex area and it was easy to overstate how reserves could be used (as misconstrued by local media) and that the Council only held £9 million as its General Fund risk buffer.
- 28.5 The Executive Director confirmed as an action that he would circulate further information on Reserves to the Committee.
- 28.6 **RESOLVED:** That the Committee noted the Annual Audit Letter 2017/ 18.

## 29 INTERNAL AUDIT PROGRESS REPORT - QUARTER 1

- 29.1 The Committee considered a report of the Executive Director, Finance & Resources presented by the Head of Audit, that provided an update on all internal audit and counter fraud activity completed during the quarter, including a summary of all key audit findings.

The report also included details of progress on delivery of the annual audit plan and an update on the performance of the internal audit service during the period.

- 29.2 The Head of Audit highlighted the counter fraud activity in Section 3 which showed the action tracking. He confirmed that 93% came within the designated timescale and that there were two outstanding cases – both for Cityclean and highlighted the three audits on the Brighton Centre, the Pavilion and the EU grant.
- 29.3 In response to Dr Horne’s question on why a high priority action such as Cityclean should take as long as nine months, the Head of Audit stated that it was disappointing, but that a large number of actions were issued in the audit report last year and that this had resulted in the long timescale.
- 29.4 Councillor Sykes queried the large volume of petty cash and banking which he felt was high. The Audit Manager stated that he accepted that there were certain groups such as Careleavers where the Council wanted to give a a commitment to individual choice and autonomy to this vulnerable group of people who may not have bank accounts which resulted in a high use of petty cash since alternative solutions were difficult to arrange.
- 29.5 The Chair noted that there may be more risks that may occur and would be audited throughout the year and that members of the Committee could email these risks directly to the Audit Manager.
- 29.6 The Chair asked for it to be logged on the Action Log that community involvement would take place between Councillor Sykes and the Head of Audit on the issue of petty cash.
- 29.7 **RESOLVED** - That the Committee noted the findings set out in the Internal Audit Progress Report – Quarter 1 (1 April – 30 June 2018) and considered any further action required in response to the issues raised.

### 30 STANDARDS UPATE

- 30.1 **RESOLVED:** That the Committee noted the report.

### 31 ITEMS REFERRED FOR COUNCIL

- 31.1 No items were referred to Full Council for information.

### 32 ITEMS FOR THE NEXT MEETING

- 32.1 There were none.

The meeting concluded at 5.50pm

Signed

Chair

