

BRIGHTON & HOVE CITY COUNCIL**AUDIT & STANDARDS COMMITTEE****4.00pm 21 JANUARY 2014****COUNCIL CHAMBER, HOVE TOWN HALL****MINUTES**

Present: Councillors Hamilton (Chair), A Norman (Opposition Spokesperson), Deane, Lepper, Smith, Summers, Sykes and Wealls

Independent Persons & Co-opted Members: Dr David Horne and Dr Lel Meleyal

PART ONE**56. PROCEDURAL BUSINESS****56a Declarations of substitutes**

56.1 There were none.

56b Declarations of interests

56.2 There were none

56c Exclusion of the press and public

56.3 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.

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

57. MINUTES

57.1 **RESOLVED** – That the Chair be authorised to sign the minutes of the meeting held on 19 November 2013 as a correct record.

58. CHAIR'S COMMUNICATIONS

58.1 There were none.

59. PUBLIC INVOLVEMENT

59.1 That Chair noted that one written question had been received from a Mr Roy Pennington, unfortunately Mr Pennington was unable to attend the meeting, but the Committee agreed to hear the response and have this formally recorded.

Mr Roy Pennington

“Given the public concerns on the secrecy surrounding the Standards Panel of 19 Dec and its subsequent banning of the press and public from that meeting, will this committee conduct a self-scrutiny of: (a) the circumstances that allowed for a previously public hearing with full disclosure of all documents to become completely restricted, and (b) the voting procedure on this panel which seems to prevent any minority decision or formal dissent?”

Response

“I was not present at the Panel hearing, but have made enquiries and been briefed on the situation.

Under schedule 12A of the Local Government Act 1972, a committee or sub-committee is entitled to go into closed session if the information being considered includes exempt information and if it thinks it is in the public interest to do so. The normal practice of the Standards Panel has been to hold its hearings in public. In this particular case, consideration was given to all the circumstances and, on balance, it was decided to hold the meeting in private.

There is no official requirement for decisions of the Panel to be unanimous. But, it has been the practice of standards panels to reach a decision by consensus where possible.

As you may be aware, one of the recommendations before this committee today, under agenda item 61, is the proposal to set up a cross-party Member working group to consider the procedure for dealing with Member complaints.

I refer you to paragraphs 3.9 and 3.10 of the report for item 61 from which you will see that the working group, which will include at least one Independent Person, will look at all aspects of the complaints process. This will include the issue of whether proceedings are held in open or closed session. In anticipation of the Committee agreeing the recommendations, the working group has already started its review.

It is proposed that the recommendations from the working group be referred to this committee for consideration at its meeting on 25th March, which, of course, you are welcome to attend.”

59.2 There were no other public questions, petitions or deputations.

60. MEMBER INVOLVEMENT

60.1 There were no matters from Members.

61. REVIEW OF THE EFFECTIVENESS OF THE AUDIT & STANDARDS COMMITTEE

61.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the effectiveness of the Audit & Standards Committee; that sought to review the Committee after 18 months of operation. The report sought to prompt discussion of a range of issues to inform a final set of proposals to come before the Committee on 25 March 2014 and inform the 2014/15 workplan.

61.2 The Chair also added, by way of introduction, that the proposed working group, in the report, had already been set up informally and was to be chaired by Dr Horne. Following this Dr Horne added that both of the co-opted independent persons on the working group were able to bring experience from other sectors, and the working group would be able to draw on available resources to validate their work.

61.3 The Executive Director of Finance & Resources acknowledged the skills of the independent persons on the Committee, and welcomed the proactive agenda setting from the Committee in recent months as example of good practice for audit committees. It was added the working group would also be looking at the physical arrangements of the Committee and training for the Committee membership.

61.4 In response to Councillor Sykes the Head of Law clarification some of the wording in paragraph 3.8 of the report, and went on to add that the working group had been set up in advance of the report as it was believed it would be better to progress the work as soon as possible, but the formal status of the working group would need to be agreed by the full Committee as set out in the recommendation to the report. Councillor Sykes also noted that there was a greater scope for Group Spokespersons on the Committee to better champion and communicate with their political groups; as well supporting the role and work of the Monitoring Officer.

61.5 Councillor A. Norman noted that she been involved in Standards matters for some years and it was her view that the Panels had operated most effectively when they were chaired by an independent person who was best equipped to navigate the Members through the case. The Head of Law noted that there was no longer a legal requirement to have Panels independently chaired as there had been under the previous standards regime.

61.6 In response to Councillor Deane the Head of Law explained that the working group would be seeking to look at the procedure in relation to Standards Panels, not the specifics of individual cases; Dr Horne also added that the group would draw on different members' experiences of various Panels, but it would not be appropriate to go into specific incidences. Councillor Lepper stated that it was important to undertake this type of work regularly to ensure procedures were properly fit for purpose.

61.7 Councillor Wealls commended the proactive work of Officers and those on the working group to quickly progress the formation of the group, and asked for more information on the role of the Committee in relation to governance and ethics. In response the

Executive Director of Finance & Resources explained that those on the Committee had the capacity to act as champions of matters within its remit. The Committee had also been instrumental in bringing issues to the attention of Officers by challenging; asking questions and requesting reports.

- 61.8 Councillor Summers asked a series of questions and the Executive Director Finance & Resources responded that the term 'audit committee' could cover a wide range of other governance functions which were broader than simply internet audit. There was scope to consider the physical arrangements for the Committee and look at alternative layouts to better facilitate collaborative discussions. Where items were listed as Part 2 on agendas this had to meet with the necessary legislative requirements, but was also given full consideration as pre-meeting to ensure as much of the agenda as possible was published in Part 1.
- 61.9 Dr Horne referred to his questions relating to Risk Management sent to the Chair of the Committee which had been addressed prior to this meeting, and the Executive Director of Finance & Resources responded to Dr Horne's questions about risk management and explained that over recent months the Committee had taken a strong lead in challenging Officers in relation to risk; this was also aided further by the continuity of membership of the Committee who could follow the annual work cycle.
- 61.10 The Chair noted he felt the reporting of actions from audit recommendations to departments had improved following increased emphasis from the Committee.
- 61.11 Following a query from Councillor Summers the Head of Law stated he felt the current Standards arrangements were correct for the authority, and he valued the time and insight provided by the independent persons. He added that it would be his preference for the Committee to schedule some time its workplan to review Council policies in a similar function that had been undertaken by the previous Standards Committee.
- 61.12 In response to a final query from Councillor Summers both the Head of Law and the Executive Director explained that all Members could formally raise their concerns through the provision of Members' questions and notices of motion to Committees, and there would be an opportunity for the Committee to feed into the annual workplan when this was brought to the June meeting for approval.
- 61.13 **RESOLVED:**
- (1) That the themes identified in the member workshop and set out at 3.7 be noted and discussed.
 - (2) That a cross-party Member working Group be set up to consider the procedures for dealing with Member complaints.
 - (3) That a final report/s with recommendations on the above be brought to the Audit & Standards Committee on 25th March 2014.

62. COMPLAINTS UPDATE - JANUARY 2014

- 62.1 The Committee considered a report of the Head of Law & Monitoring Officer in relation to the Complaints Update; the paper sought to provide the regular update to the Committee in relation to allegations about Member conduct, and contained a summary of information about the number of complaints received in relation to services provided by the Council. The report also contained summary information about the number of complaints received about services the Council provided.
- 62.2 In response to Councillor Summers the Standards & Complaints Manager stated that figures in relation to Ombudsman complaints were nationally published; it was difficult to judge why the city received a high number of complaints, but it was important to note that only a small number of investigations found against the Council.
- 62.3 Councillor Wealls asked about any recommendations made by the Ombudsman where fault had been found, and the Executive Director of Finance & Resources suggested a report could be brought to a future meeting specifically looking at these kinds of feedback loops. In response to Councillor Sykes the Executive Director also added that the information brought to the Committee in relation to complaints could be reviewed.
- 62.4 **RESOLVED:** That the Committee note the report.

63. ERNST & YOUNG: ANNUAL CERTIFICATION REPORT 2012/13

- 63.1 The Committee considered a report of the External Auditors, Ernst & Young, in relation to the annual certification report; the certification work provided assurance to Government departments and grant paying bodies that claims for grants and subsidies were made properly, and that information in financial returns was reliable.
- 63.2 In response to Councillor Sykes the Executive Director of Finance & Resources explained that amount of grant from the government for administering Housing and Council Tax benefit subsidy was exceeded by the actual cost of administering the system. This was often a national trend and there had been some conversations with other local authorities in relation to further lobbying on the matter.
- 63.3 **RESOLVED:** That the 2012/13 annual certification report be noted.

64. ERNST & YOUNG: PROGRESS REPORT 2013/14

- 64.1 The Committee considered a report of the External Auditors, Ernst & Young, in relation to the 2013/14 progress report; the report asked the Committee to consider the progress made against the 2013/14 audit.
- 64.2 In response to a query from Councillor Wealls the External Auditors explained that the contract with Ernst & Young would run until the end of the 2016/17 financial year; in line with the national changes following the abolition of the Audit Commission.
- 64.3 **RESOLVED:** That the Committee note the report.

65. INTERNAL AUDIT PROGRESS REPORT

- 65.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Internal Audit Progress Report 2013/14; the report sought to inform the Committee of the progress made against the Internal Audit Progress Plan 2013/14 – including the outcomes of specific reviews completed and the tracking of the implementation of recommendations.
- 65.2 In response to the Chair the Principal Audit Manager explained there was now a specific protocol that where limited assurance had been reported there would be another follow up review – normally within 6 months. He added that with recent reports it would not be expected to see high priority recommendations as these would normally have limited assurance.
- 65.3 In relation to a question from Councillor Sykes the Principal Audit Manager explained that the annual internal audit work was planned through calculations of risk within the organisation; as well as in consultation with the departmental management team and consideration of the Strategic Risk Register. There was also consideration of emerging issues, and the annual plan was brought before the Committee for consideration and comment. Following a further comment the Executive Director of Finance & Resources explained that it was within the remit of the Committee to request that senior Officers attend to give assurance where it was considered this was appropriate; there was also a role for the Principal Audit Manager to bring matters before the Committee.
- 65.4 In response to Councillor A. Norman the External Auditors: Ernst & Young explained that they hoped to bring a report to the next Committee to assist in contextualising the work of the Corporate Fraud Team. The Executive Director of Finance & Resources added that there was a piece of national work being undertaken by the Audit Commission on benchmarking; this would help to ensure the Council was directing its resources in the right places to address fraud.
- 65.5 Councillor Summers asked about the completion of the audit plan, and the Executive Director of Finance & Resources explained that every year a proportion of the annual work had to be completed at the end of the finance year. She added that the highest priority work would always be undertaken first, and that it was expected more time would be built in for unplanned audit work in the 2014/15 plan.
- 65.6 In response to Councillor Deane the Principal Audit Manager explained that he would not normally expect to see full assurance based on the nature of the sampling techniques and controls used for auditing purposes, but it hoped the number of limited assurances could be reduced to achieve a balance between substantial and reasonable. The Executive Director of Finance & Resources added that it was always vital to create a balance between managing the risk and the costs of the controls.
- 65.7 The Head of Law provided an update in relation to the gifts and hospitality register stating that new measures had been taken to the Executive Leadership Team which placed responsibility for this with the Monitoring Officer – with support from HR, and an annual return would be completed by both Officers on the Executive Leadership Team and the Corporate Leadership Team.

65.8 **RESOLVED:** That the Committee notes the progress made in delivering the Annual Internal Audit Plan 2013/14.

66. ANNUAL GOVERNANCE STATEMENT 2012/13 - ACTION PLAN PROGRESS UPDATE

66.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Annual Governance Statement 2012/13 – Action Plan Progress Update. The action plan included suggested improvements to the Council's governance framework, and the report provided an update on the progress of the implemented actions.

66.2 In response to Dr Horne the Executive Director of Finance & Resources explained that the Committee had not usually received an interim report; however, it was important that the Committee be able to feed into this, and consideration would be given to the most appropriate way to do this for the next meeting.

66.3 The Executive Director of Finance & Resources responded to questions from Councillor Summers explaining that work was being undertaken to look at internal communications and the staff intranet with a view to making this easier to navigate and information more accessible. Work was ongoing in relation to the Code of Connections and some new ways of working were due to be tested by agreed Members. A different approach had been taken this year in relation to budget scrutiny which had enabled it to be more streamlined; however, time constraints meant that it was not possible to report budget proposals to the relevant policy committee before consideration at the Budget Policy & Resources Committee and Budget Council

66.4 **RESOLVED:** That the Committee note the report.

67. STRATEGIC RISK MANAGEMENT ACTION PLAN FOCUS SR16 WIDER MODERNISATION OF SOCIAL CARE; AND SR13 KEEPING VULNERABLE ADULTS SAFE FROM HARM AND ABUSE

67.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Strategic Risk MAP Focus: SR16 wider modernisation of social care; and SR13 keeping vulnerable adults safe from harm. The Committee had a role to monitor the effectiveness of risk management and internal control by oversight of the Strategic Risk Register and a Risk Management Action Plan for each risk which is owned by a member of the Executive Leadership Team. The Committee had agreed to focus on two strategic risks at each meeting so that over the course of a year all the MAPs received attention. The Risk Owner responsible for both would be the Executive Director of Adult Services.

67.2 The Executive Director of Adult Services introduced SR13: keeping vulnerable adults safe from harm and explained that the Council had a statutory duty to undertake this function which was due to become a legal requirement in the Care Bill. The Council had to lead and coordinate safeguarding in the city, and it was believed that the number of alerts going to investigation had increased from approximately 16.5 to 20 in the last annual report. The Safeguarding Board was currently chaired by the Executive Director of Adult Services, but there was currently some work being undertaken to review the

Board and consider appointing an independent chair. It was noted that in relation to reorganisation in the NHS there had been some interim arrangements to ensure clinical investigations were undertaken in a timely manner. Training and awareness were key to minimising risk, and training was available to all sector providers of care. The Safeguarding Board as well attended by the statutory partners in the city, and there was a strong audit of the safeguarding work.

- 67.3 In response to Councillor Summers the Executive Director of Adult Services clarified that the responsibility for the clinical escalations sat with the Clinical Commissioning Group (CCG); which was different from the work of social workers. It was also clarified that the level of mandatory training would depend on the role of the individual in question.
- 67.4 Dr Horne asked about the impact of service redesign and voluntary severance on the work of the professional social work staff, and the Executive Director of Adults Services explained that these roles had been protected as part of the service redesign.
- 67.5 The Executive Director of Adults Services introduced SR16: wider modernisation of social care and explained that work was well underway in relation to managing the changes from the Care Bill. The Council was also looking very carefully at the changes from the Better Care Fund and this linked in with integrated ways of working. The CCG would be responsible for Better Care Fund plans, and there would be a Better Care Fund Programme Board involving all of the lead officers from statutory service providers. Alongside this there was the work of the Modernisation Board and the two boards would need to work together from 2015/16 and beyond. Recently a joint post with the CCG for the Better Care Fund has been recruited to, and there was joint work being undertaken with the Executive Director of Finance & Resources in relation to the wider impact of these services, and to look at mutual support.
- 67.6 The Executive Director of Finance & Resources noted that this risk had recently been added to the register, but it presented an example where risk and opportunity were two sides of the same coin. The work would seek to provide better outcomes for patients, but the scale of the challenge created financial risks during the implementation.
- 67.7 In response to the Chair it was confirmed by the Executive Director of Adult Services that the Better Care Fund would provide approximately £10M of funding for the local health economy, but this would mean broad changes to the current working systems. Some of the wording in relation to performance linked funds had softened. There was some real scope for improvements in some areas; however, it was noted that in others the good quality of existing service would make achieving the targets more difficult.
- 67.8 In response to Council Wealls the Executive Director for Finance & Resources agreed that Officers would look at further training and workshops for Members in relation to the risk management aspects of the Committee's remit; in particular matters in relation to the Care ill and Better Care Fund.
- 67.9 In response to Councillor Summers the Executive Director explained that one of the requirements of better care was to offer '7 day per week' services, and this meant a whole series of significant changes to current working practices.

67.10 **RESOLVED:** That the Committee note the information.

68. TARGETED BUDGET MANAGEMENT (TBM 7)

68.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Targeted Budget Management (TBM) Provisional Outturn 2013/14. Targeted Budget Monitoring (TBM) reports were a key component of the Council's overall performance monitoring and control framework. TBM reports were periodically presented to Policy & Resources Committee and were subsequently provided to the next available Audit & Standards Committee for information and consideration in the context of the Committee's oversight role in respect of financial governance and risk management. The TBM report set out the provisional outturn position on the Council's revenue and capital budgets for the financial year 2013/14.

68.2 The Chair asked about the previously reported overspend in the budget and the Executive Director of Finance & Resources explained that this was reducing.

68.3 **RESOLVED:** That the Committee note the report referred from the Policy & Resources Committee.

69. TREASURY MANAGEMENT POLICY STATEMENT 2013/14 - MID YEAR REVIEW

69.1 The Committee considered a report of the Executive Director of Finance & Resources in relation to the Treasury Management Policy Statement 2013/14 – Mid Year Review. The policy statement set out the key role for treasury management; and the practices and schedules set out the annual targets for treasury management and the methods by which these targets would be met.

69.2 In response to a query from Councillor Wealls the Executive Director of Finance & Resources noted that Rabobank had been automatically removed as it no longer met the criteria due to the credit rating of the Netherlands.

69.3 **RESOLVED:** That the Committee note the report referred by the Policy & Resources Committee and the Council.

70. ITEMS REFERRED FOR COUNCIL

70.1 There were no items referred to Council.

71. INTERNAL AUDIT PROGRESS REPORT - EXEMPT CATEGORY 3

71.1 That the Committee note the information contained in the Part 2 appendix.

72. PART TWO PROCEEDINGS

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

The meeting concluded at 6.59pm

Signed

Chair

Dated this

day of