

# Agenda Supplement



Meeting: Audit and Governance Committee  
Time: 10.00 am  
Date: 11 March 2019  
Venue: Committee Room 2 - County Hall, County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ

**Mike Harries**  
Chief Executive

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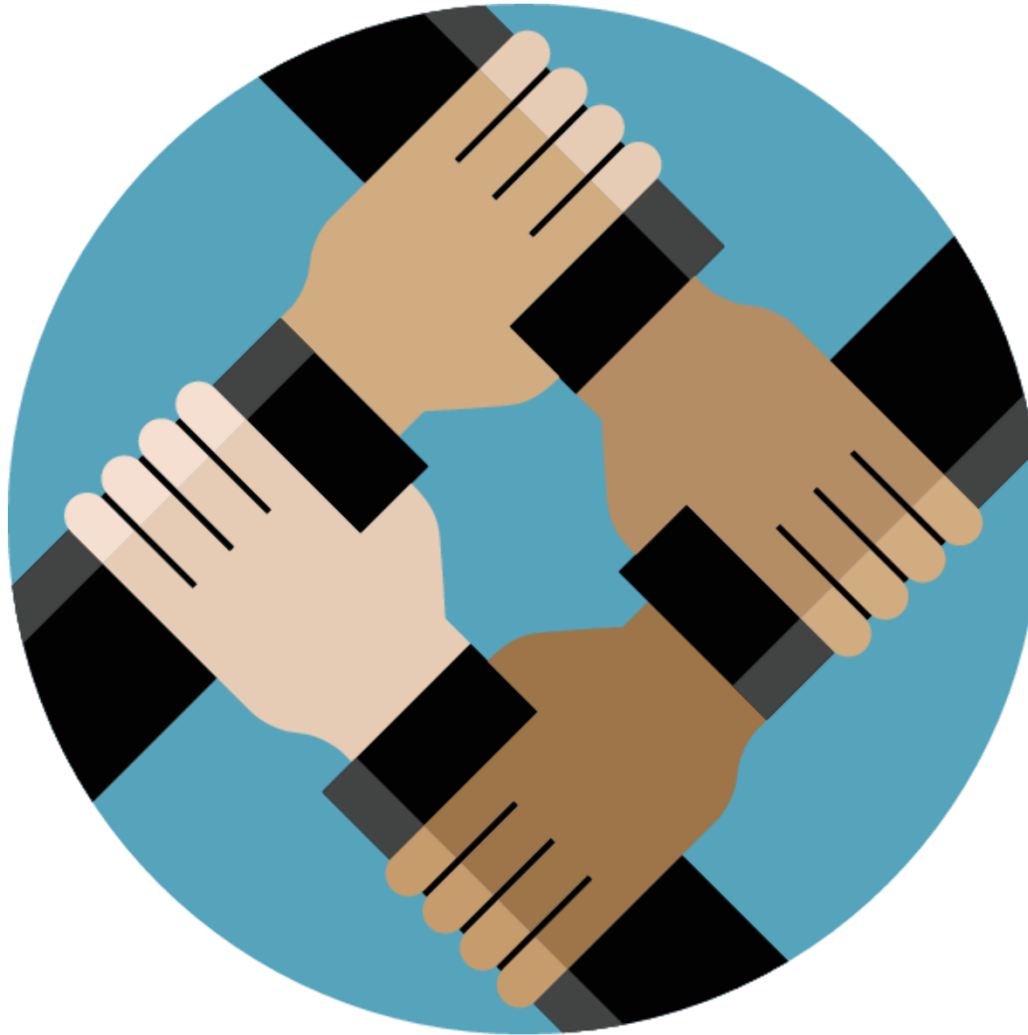
6. **Progress on Matters Raised at Previous Meetings - Interim External  
Audit Report for Year Ending 31 March 2019** 3 - 8

To consider a report by Deloitte, the Council's External Auditors (attached).

7. **Modernising Fostering** 9 - 14

To consider a report by the Joint Director for Children, Adults & Communities  
(attached).

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## Interim report to the Audit and Scrutiny Committee for the year ending 31 March 2019

March 2019

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# Update report to the Audit and Scrutiny Committee

We have prepared this update to inform the members of the Audit and Scrutiny Committee of our work since the last meeting.

## Annual Report & Accounts 2018/19

We presented our Audit Plan for the year ending 31 March 2019 to the last public meeting of the Audit and Scrutiny Committee in January 2019.

We are engaged in ongoing discussions with the finance team to ensure arrangements for the audit of the financial statements are progressing. These include the following:

- Regular discussions with the finance team to ensure we are updated on developments.
- Scheduling the final audit visit during May /June 2019.

As part of our interim visit we have completed our fixed asset verification testing, testing of additions and disposals to Period 9, commenced our expenditure testing, completed our planning papers in relation to our understanding of the Authority, and updated our working papers on the Authority's key controls and completed fraud discussions. There have been no changes to the audit plan.

## IFRS 9 and 15

We have held discussions with the finance team regarding the implementation of new accounting standards impacting on the current year, namely IFRS9 Financial Instruments and IFRS15 Income recognition.

These will require additional work by the finance team to understand and provide their assessment of the impact for the Authority and for ourselves in reviewing and challenging the Authority's assessment. The implementation of IFRS16 Leases for the Local Government will be implemented in the Code of Practice on Local Authority Accounting in 2019/20.

## Significant risks

There have been no changes to the significant risks reported as part of our audit plan. We are progressing our work in relation to the significant risks in line with the agreed timetable as set out in the plan.

## Brexit

The arrangements following the UK's exit from the EU are not yet clear. We have requested that management prepare a paper showing how the Authority has considered the impact of Brexit including recognition and measurement across the front and back end of the financial statements as a whole. We would be happy to review this as soon as it is available.

While we do not currently expect to include a reference in our audit opinion in relation to Brexit, the uncertainty will feed into a number of judgements and Brexit may therefore be referenced in the audit opinion as a consideration where relevant.

# Materiality

Following completion of further planning procedures and consultation, the Audit Partner has determined materiality as follows:

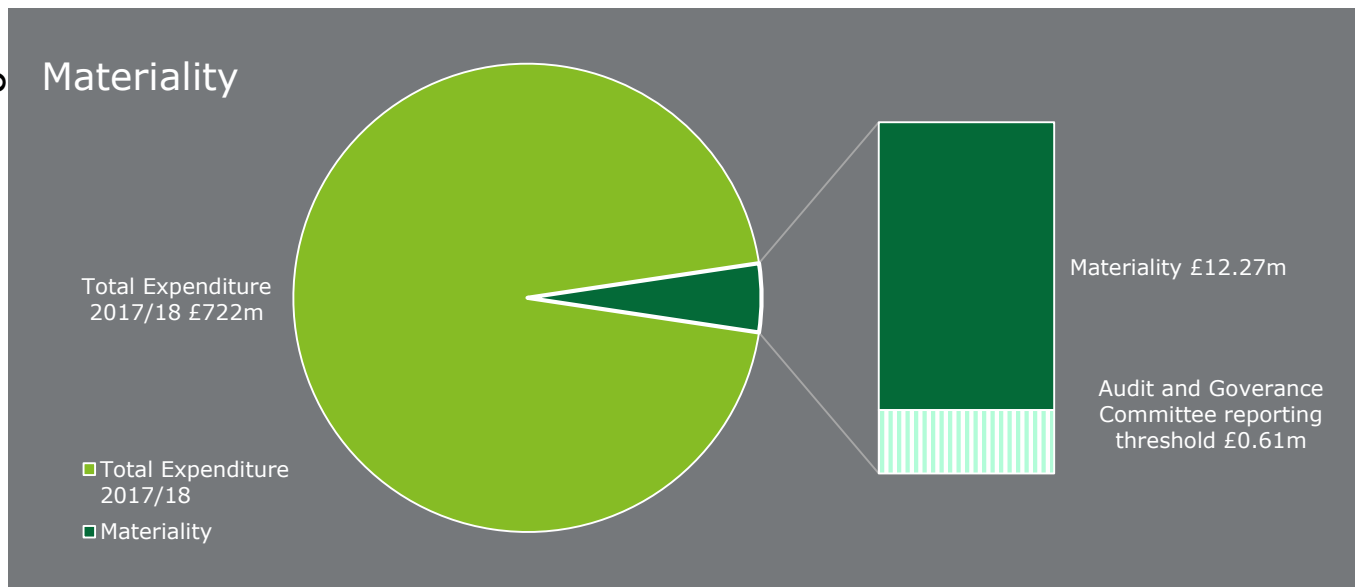
## Basis of our materiality benchmark

- The Audit Partner has determined materiality as £12.27m (previously £14.4m), based on professional judgement, the requirement of auditing standards and the financial measures most relevant to users of the financial statements.
- We have used 1.7% (previously 2%) of Total Expenditure based on the 2017/18 audited accounts as the benchmark for determining materiality.

## Reporting to those charged with governance

- We will report to you all misstatements found in excess of £0.61m (previously £0.72m).
- We will report to you misstatements below this threshold if we consider them to be material by nature.

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Although materiality is the judgement of the audit partner, the Audit and Scrutiny Committee must satisfy themselves that the level of materiality chosen is appropriate for the scope of the audit.

# Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

## What we report

Our report is designed to help the Audit and Scrutiny Committee and the Authority discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- An update on the testing we have performed as part of the interim audit;
- Communicates the updated audit materiality.

## What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Authority.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and the other procedures performed in fulfilling our audit plan.

## The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

This report has been prepared for the Audit and Scrutiny Committee on behalf of the Authority, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. Except where required by law or regulation, it should not be made available to any other parties without our prior written consent.

We welcome the opportunity to discuss our report with you and receive your feedback.

**Deloitte LLP**  
Bristol | March 2019

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	11 March 2019
<b>Subject of Report</b>	<b>Modernising Fostering</b>
Executive Summary	<p>This is an information report to inform members of the progress of the Modernising Fostering Programme following the initial Cabinet Report of 27<sup>th</sup> September 2017.</p> <p>The report covers the background of the original proposals. The funding allocated and the activity and impact of the changes. Detail is contained in the body of the report.</p>
Impact Assessment:	<p>Equalities Impact Assessment: Report for Information for Members</p>
	<p>Cabinet Report September 2017</p>
	<p>Budget: The budget breakdown (additional funding) for the year 2018/19 is tabulated and contained within the body of the report</p>
	<p>Risk Assessment: The Report is for information.  Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as: Current Risk: MEDIUM Residual Risk MEDIUM</p>

## Modernising Fostering Update Report

	<p><b>Outcomes:</b> The committee is able to understand the work being undertaken within the fostering service, the challenges and the measures taken to improve performance.</p>
	<p><b>Other Implications:</b> The Corporate Parenting Board are charged with monitoring the standard and sufficiency of placement provision for Dorset's Looked After Children which will in turn be considered during future Ofsted inspection.</p>
<b>Recommendation</b>	The committee are asked to consider the content of the report in respect of the request for an update on this important area of Children's Service's development work.
<b>Reason for Recommendation</b>	Information Report
<b>Appendices</b>	
<b>Background Papers</b>	Cabinet Report September 2017 Dorset County Council Foster Carer Fee and Allowance Policy 2018
<b>Officer Contact</b>	Name: Tim Wells Tel: 01305225738 Email: <a href="mailto:t.wells@dorsetcc.gov.uk">t.wells@dorsetcc.gov.uk</a>

### 1. Introduction

## Modernising Fostering Update Report

- 1.1 On the 27 September 2017 the Cabinet approved an investment in the Council's Fostering service with a desired outcome of significantly increasing the number of Dorset approved Foster Carers. This will reduce reliance upon Independent Fostering Agencies (IFAs) and enabling children and young people to remain closer to their home communities.
- 1.2 There was also a recognition that the allowances paid to current Dorset Foster Carers was significantly lower than that of other local authorities in the South West region and there was a complicated and wide range of allowance schemes often with different and historic criteria.
- 1.3 Following the Cabinet approval in September 2017 a Modernising Fostering Plan was implemented and a new Foster Carer Fees and Allowances Policy was consulted upon and introduced in April 2018. The new policy offers skill based progression for foster carers together with a market competitive fostering allowance.
- 1.4 In April 2018 following a commissioning process, WREC, an external agency was engaged to undertake the publicity and recruitment elements of the modernisation programme with the purpose of delivering prospective carers ready to be fully assessed by the fostering service pre-approval team.

## 2. Budget

- 2.1 On the 27 September 2017 the Cabinet were asked to approve the additional funding to the budget of £363k in 2018/19, £1,238k in 2019/20 and £1,324k on an ongoing basis and to consider an additional one-off investment of £110k in 2017/18 to support transformation.
- 2.2 In actual terms the budget allocation 2018/19 was as follows:

Staffing	£156,000	Improvements to Quality and Compliance Standards
Fostering Panel Resources	£47,000	E panel software and hardware costs
WREC Contract * new cost	£47,000	Estimated cost 2018/19 £113,000
Foster Carer Skill Payments & Foster Child Allowances	£166,000	Uplift of Fees and Allowances to meet market standards
<b>Total</b>	<b>£416,000</b>	

## 3. Activity and Outcomes

- 3.1 With reference to the Cabinet Report of September 2017 (Fostering Modernisation Plan) the initial expectation was that during 2018/19 the service could deliver up to 50 new mainstream carers, who are able to offer a placement to any child and up to 40 connected persons carers. The latter are friends or family members who are assessed and approved for specific children. It is now apparent that these targets

were based on a full year of activity and therefore overly ambitious. The revised projection of approvals for the year ending 31 March 2019 will be 25 new mainstream carers and 23 connected persons.

- 3.2 Between January and March 2018 a proposal was put forward and agreed that the council would commission an independent company to undertake the marketing and initial recruitment function for prospective foster carers.
- 3.3 The independent company (WREC) was formally engaged from 1 April 2018 with the expectation that all marketing, initial enquiries and initial assessment visits would be undertaken by them and applicants passed to the fostering service ready for full assessment. Service delivery commenced in May 2018.
- 3.4 It should be noted that there is a clear interdependency between the delivery of assessment-ready carers by WREC, and the performance and expectations of the fostering service to deliver approved foster carers within the set timescales.
- 3.5 Once new, qualified referrals arrive with the service, it is the service's responsibility to respond quickly to new prospective foster carers and do everything necessary to maintain interest and motivation.
- 3.6 Historically the service had been working to a 24-week timescale to assess carers and present to panel for approval. This was within the context of a statutory compliance timescale of up to 8 months. In order to better compete with other authorities and IFA's and accelerate the supply of new foster carers we have set a new target of 18 weeks to assess suitable foster carers and present to panel for approval.
- 3.7 In July 2018, following completion of the first quarter of activity, Ingson Ltd were commissioned as independent auditors to look at progress on foster carer recruitment.
- 3.8 Case files were audited and evidence found of new enquiries not being followed up promptly and some instances of contact being made very late. In addition, in some instances, prospective foster carers had not been referred for panel within the 18-week deadline.
- 3.9 The Director for Childrens Services acted immediately with managers concerned and commissioned an improved monitoring system of all stages of the assessment process including tracking of references, health assessment and agency checks.
- 3.10 It is now expected that in 2019/20 as the first full year of delivery the target of approval of 50 mainstream carers will be achieved.

#### **4. Impact**

- 4.1 As is appropriate the recruitment of foster carers is a highly regulated field supported by substantial statutory guidance with compliance monitored by Ofsted inspection. Whilst the statutory framework should not impede the timeliness of the assessment process there are areas of potential impact e.g. assessment cannot commence unless the application pack is fully compliant, delays in receipt of DBS checks or additional health checks being required.

## Modernising Fostering Update Report

- 4.2 The service has undertaken measures to reduce the timescale for assessment and in conjunction with WREC are working to the 18-week assessment and approval timescale. Checks and references are taken up at the earliest opportunity to reduce delay in return.
- 4.3 As noted above, initial targets were predicated on a full year of activity. The first applicant whose assessment was completed under the new arrangements was visited by WREC on 15.05.18 and their application pack was accepted, and assessment begun, on 04.06.18. Therefore, presentation to panel under the revised timescale was due on 16.10.18.
- 4.4 Given the 18-week assessment to approval period, the latest the service could accept an application pack for approval within the year would have been 12<sup>th</sup> November 2018. In effect this reduced the time available to achieve the initial annual target to 6 months. Of the 25 newly approved mainstream carers in 2018/19, 21 were initially assessed by WREC a broad indication being that 42 approvals could have been achieved within a full year of activity. The experience gained in this first year will enhance performance and enable the target of 50 approvals for the coming year to be achieved.
- 4.5 The performance of the Fostering Service is monitored at the monthly meetings of the Service Improvement Board, a multi agency meeting chaired by the Chief Executive or Director for Children's Services and attended by the designated lead Members. This monthly monitoring is further scrutinised by the Corporate Parenting Board and this being the case any variance to predicted performance will be identified and remedial action taken

**Nick Jarman**  
**Director for Children's Services**  
**March 2019**

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