



Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,
Dorset, DT1 1XJ on Monday, 21 January 2019

Present:

David Harris (Chairman)
Clare Sutton, Cherry Brooks and Ray Bryan.

Members Attending:

Councillor Peter Wharf, Cabinet Member for Workforce
Councillor Steve Butler, Cabinet Member for Safeguarding

Officers Attending: Rupert Bamberger (Assistant Director - South West Audit Partnership), David Bonner (Intelligence, Insight and Performance Manager), Laura Cornette (Corporate Policy and Performance Officer), Melissa Craven (Communications Lead - Children's Services), Nick Jarman (Joint Director for Children, Adults & Communities), Ian House (Lead Audit Partner - Deloitte), Jennifer Lewis (Strategic Communications and Engagement Manager), Christopher Matthews (Service Manager - HR Operations), Jim McManus (Chief Accountant), Mark Taylor (Group Manager - Governance and Assurance), Sally White (Principal Auditor - South West Audit Partnership), David Wilkes (Senior Finance Manager - Treasury and Investments) and Denise Hunt (Senior Democratic Services Officer).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Monday, 11 March 2019**.)

Apologies for Absence

1 Apologies for absence were received from Councillors Richard Biggs and Bill Trite.

Members highlighted the lack of attendance at meetings and action to be taken on nominations in order to fill the 2 vacant positions on the Committee.

Code of Conduct

2 There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Minutes

3 The minutes of the meeting held on 25 October 2018 were confirmed and signed.

Public Participation

4 Public speaking

A public question was received at the meeting in accordance with Standing Order 21(1). Both the question and response is attached as an annexure to these minutes.

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Points from the Chairman

- 5 The Chairman advised that an Inquiry Day in relation to SEND provision, arranged through the Overview and Scrutiny Management Board (OSMB), had taken place on 15 January 2019. Sessions with school leaders, parents and SEND practitioners had been included in the format of the day and the time spent had been a very effective form of engagement. A report setting out the recommendations arising from the day would be considered by OSMB on 29 January and thereafter by the Shadow Executive.

Councillor Bryan, who had participated as a Panel member on the day, stressed the need to take the needs of the child into account when considered the budget in future.

Progress on Matters Raised at Previous Meetings

- 6 The Committee considered a report containing progress on actions arising from the previous meeting on 25 October 2018.

It was agreed that the outstanding actions in respect of Children's Services would be discussed during other parts of the agenda.

Recruitment of Children's Social Workers

- 7 The Committee considered a report that summarised the activity and outcomes during the past 12 months to recruit children's social workers and the associated issues affecting caseloads, continuity of care and cost pressures.

The report was introduced by the Joint Director for Children, Adults & Communities who explained that an element of safeguarding vulnerable children effectively was to ensure that Social Worker's (SWs) were not overwhelmed by unmanageable caseloads. This helped to reduce the numbers of children coming into care and potentially higher costs in relation to adolescents with complex needs. Since his arrival in October 2017 the average caseload had reduced and was now 1 SW to 16.4 cases. Changes had also been made to how the teams were arranged and the creation of assessment pods within those teams. The service had recruited 26 new SWs and 27.5 SW vacancies were currently being held as part of the children's social care budget would be diverted to the Bournemouth, Christchurch and Poole Council (BCP) in respect of Christchurch.

Members asked about the context of the 27.5 SW vacancies, the £1m investment made for the recruitment of SWs given those vacancies, the number of SWs allocated to the Christchurch area and SW caseload work ratios. It was noted that if the number of vacant SW positions were filled, this would further reduce the caseload ratio when this target had already been met.

The Joint Director confirmed that there was no dedicated team for Christchurch and that no SWs would transfer to BCP under TUPE arrangements. The number of SW vacancies would ensure there were no stranded costs and that the establishment was commensurate with the budget on transfer of the service to Dorset Council. However, it would be important to not lose any SWs during the transition. Part of the investment that had not been used to recruit SWs would contribute towards the overspend in other areas of the service.

The Chairman asked about SW involvement in pre-emptive work with the Family Partnership Zones (FPZs) and was informed that the FPZs included family workers and ex youth workers who brokered services from other agencies. SWs were included in the family support teams to provide support around children who were in danger of coming into care.

The Joint Director stated that it had not been possible to safely reduce the number of children in care from 440 to 390 that had been assumed in the budget. This might be an indication that a minimum level had been reached at the present time. These

pressures had been further exacerbated by a small number of high cost placements since December 2018.

The Chairman stated that this could be an opportune time to reinstate some of the pending South West Audit Partnership (SWAP) internal audits.

The Joint Director advised members that the 18/19 programme of audit work had been agreed with SWAP, based on emerging issues. Upon his arrival he had instigated a programme of independent external audit. Subsequently with the support of the Department of Education's Innovation Fund, the County Council had partnered with Essex County Council under the "Partners in Practice Scheme" to address the issues which arose from the audits. An Improvement Plan had been developed that was overseen by an Improvement Board which included all relevant partner agencies.

The Chairman asked whether the outcomes of the social care audit activity had been reported to the Overview and Scrutiny Committees. The Joint Director stated that it would be a matter for the Overview and Scrutiny committees to determine what was considered as part of the committee workplanning process and that work should continue to maintain the focus and momentum on improving performance during the transition to the Dorset Council.

Members remained concerned that the outputs of the social care activity and subsequent assurances had not fed into the existing systems and sought reassurance that this could be achieved in a more streamlined way, given the existing pressures on the Director and officers.

Noted

External Audit Plan

- 8 The Committee considered a report by Deloitte, the Council's external auditor, that included the key areas of audit work and significant risks including property valuations, completeness and cut off of demand led expenditure, pensions and management override of controls. The auditors had been impressed by the Council's strong and professional finance team.

Questions were asked in relation to how the key risks had been determined and how external audit work might assist the council in managing the demand led areas such as Children's and Adult Services more effectively.

The Committee was informed that the key risks were derived by looking at plans and reports, however these tended to be similar for councils with more specific areas around value for money. External audit could provide only a limited degree of assurance in terms of the figures for demand led services which remained a huge challenge for all councils, particularly as the funding formula did not take account of rural areas which was particularly relevant for Dorset.

Further concerns were raised in respect of journal entries and pensions and members were informed that good access controls had been found in respect of journal entries with further testing to take place on the authorisation controls. The audit work would also ensure that the assumptions in respect of pensions were reasonable, given the level of cash being paid out and the impact on employer contributions.

The Group Manager - Governance and Assurance stated that this represented the external audit of the final year of Dorset County Council and comments in relation to the finance team would be important in terms of continuity and the transference of good systems to the Dorset Council.

Noted

Councillor Clare Sutton left the meeting at this juncture.

Report of Internal Audit Activity - Plan Progress 2018/19

9 The Committee considered a report by the South West Audit Partnership that included a final follow up report in relation to the Disclosure and Barring Service (DBS) Checking. The SWAP Assistant Director advised that the follow-up of this audit had shown that action had been taken against all of the recommendations, with the vast majority of these now complete. The reasonable assurance opinion provided reflected the quick and timely action taken by officers to resolve the issues raised. It would be important not to lose the momentum and good work that had been achieved in this area in transitioning to the Dorset Council, and as such, the area would be included in the audit plan for the new Dorset Council.

The Cabinet Member - Workforce asked the Committee to relay issues in relation to DBS checking to the Shadow Council and, following discussion, it was agreed that this could be included in a report outlining areas of focus in order to inform the new work plans.

The Assistant Director confirmed that all actions had also been completed in respect of the audit of DCC's governance framework for oversight of Tricuro.

Turning to the main report, he advised that the Joint Director had provided some helpful context around the requested removal or delay in starting of audits in Children's Services earlier in the meeting, but that it would be helpful to continue discussions outside of the meeting to ensure that appropriate assurance was sought and provided over these key areas in Children's Services. He noted that without these assurances, this gap in assurance would likely feature in the internal audit annual opinion.

The Assistant Director also highlighted to Members that SWAP could undertake audit reviews relatively remotely if provided with relevant information and assurances coordinated by the Children's Services team. This would reduce the time that Children's Services staff would have to devote to an audit, whilst still providing the Committee with some assurance over these key areas.

Members highlighted that audits in relation to ICT convergence should ensure that there was preparedness of the IT systems to link together between the districts and the county council from 1 April 2019.

Resolved

That the Chairman, Vice-Chairman, Mark Taylor and Rupert Bamberger discuss how assurance could be sought in relation to the work undertaken and underway in Children's Services social care, that would contribute to, or even negate the need for, the completion of the remaining SWAP Children's Services audits scheduled in 2018-19.

Financial Management Report

10 The Committee considered an update report on budget management and financial performance for 2018-19.

The report confirmed the latest outturn forecast in November 2018, however, the December position was showing signs of concern due to further increases in Education Health Care Plans (EHCPs) from 40 to 70 per month during November and December 2018 and issues arising from the High Needs Block of the Dedicated Schools Grant. There remained some ways of tackling the additional financial pressure that would be dependent on the contingency budget, the vacancy budget and a fundamental review, the results of which were not yet known.

The Chairman reminded members that the Committee had questioned the adverse change in the Children's Services budget between budget setting and May the previous year that had led the Committee to question whether the original budget had been realistic.

Members were assured that the pressures on the Children's and Adult Services budgets were well known and that the Local Government Reorganisation (LGR) process would ensure that savings in corporate support were diverted to where they were needed to support front line services

The Chairman asked about the £1m investment made to recruit SWs that had not been fully realised due to the need to hold SW vacancies.

It was confirmed that £360k that remained of this funding would be used to mitigate areas of overspend in the Children's Services directorate. Further savings were also being identified in respect of SEN transport costs.

Members highlighted the impact of school funding diverted from students in order to write EHCPs, the impact of labelling of students who attracted greater levels of income, the lack of involvement and funding of EHCPs by the health service and resourcing issues in relation to SEN planning co-ordinators.

The need for clear messaging around the numbers was also emphasised as Looked after Children (LACs) and foster care arrangements accounted for a significant amount of the projected overspend.

Noted

Treasury Management Mid Year update

- 11 The Committee considered a report concerning the mid-year review of actual performance against the Treasury Management Strategy.

Further to questions it was confirmed that the total debts incurred by each local authority would be transferred to the Dorset Council.

It was recognised that although there were differences in the levels of debt across the existing councils, that the debt incurred by Dorset County Council included the costs of building infrastructure such as schools located within the existing district and borough areas.

The Chairman asked about £25m of debt maturing prior to the end of March 2019 and a 2 year forward agreement to borrow £20m in 2019 for a minimum of 23 years.

Members were advised that the council had a mixture of debt maturing at different times and that the forward agreement was required to replace an element of short term borrowing.

Until the recent increase in the bank rate from 0.5% to 0.75%, all borrowing in recent years had been on a short-term basis for up to a year at interest rates of less than 1%.

Noted

External Funding Update

- 12 The Committee considered an update report following the Committee's consideration at the meeting on 25 October 2018 when questions had been asked regarding funds received to the Dorset area compared to the conurbation and how Brexit would affect

future funding opportunities.

In response to questions, members were advised in relation to how funding for the Bournemouth International Growth Programme had been used. General comments were made about the level of funding by the LEP to the Dorset area when compared to the Conurbation and that the bulk of the Dorset area had received the least amount of resources for its infrastructure.

Members asked what would be put in place nationally to counter balance the disappearance of EU regional funding after Brexit. It was concluded that this was likely to be managed through the LEP in future making it even more important to lobby for equal funding across the County.

Noted

Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, December 2018

13 The report was outlined by the Insight, Intelligence and Performance Manager.

Consideration of the Local Enterprise Partnership (LEP) at a future meeting of the Economic Growth Overview & Scrutiny Committee was highlighted as a suggestion.

Noted

Work Programme

14 The Committee noted the work programme for the meeting on 11 March 2019.

Questions from County Councillors

15 No questions were asked by members under Standing Order 20 (2).

Meeting Duration: 10.00 am - 12.25 pm