

DORSET COUNCIL - AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON TUESDAY 3 DECEMBER 2019

Present: Cllrs Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Simon Christopher, David Gray, Brian Heatley, Bill Pipe and Bill Trite

Apologies: Cllrs Susan Cocking, Nocturin Lacey-Clarke and Mike Parkes

Also present: Cllr Spencer Flower, Cllr Andrew Parry and Cllr Les Fry

Officers present (for all or part of the meeting):

Aidan Dunn (Executive Director - Corporate Development S151), Jonathan Mair (Corporate Director - Legal & Democratic Service Monitoring Officer), Jim McManus (Corporate Director - Finance and Commercial), Rupert Bamberger (Assistant Director SWAP), Sally White (Principal Auditor), Marc Eyre (Service Manager for Assurance), Sarah Parker (Executive Director of People - Children) and Lindsey Watson (Senior Democratic Services Officer)

49. Minutes

The minutes of the meeting held on 7 November 2019 were confirmed as a correct record and signed by the Chairman.

50. Declarations of Interest

There were no declarations of interest.

51. Public Participation

There were no representations from parish or town councils or from members of the public.

52. Urgent items

In response to a question, the Executive Director of Corporate Development reported that three sets of accounts for the previous year remained unsigned. Two proposed final versions had been received and it was hoped that these would be signed in the following week.

53. Finance Report Quarter 2 2019/20

The committee reviewed the Quarter 2 Finance Report, which had been presented to Cabinet on 5 November 2019.

As requested by the committee, the Executive Director of People - Children and Portfolio Holder for Children, Education and Early Help attended the meeting to answer questions in respect of the Budget for Children's Services:

- Where possible, children would be placed with an appropriate guardian including with other family members
- There was a cost pressure associated with securing accommodation and an issue with capacity. Cabinet had recently agreed to re-establish a children's hub and suitable properties were being looked for
- Demand in this area was high and liaison was being undertaken with the Government as to how they were able to influence national issues in this area
- Areas for focus included the development of a residential hub, training and support for foster parents, preventative work and providing the best service possible where provision was out of county. Work had started but would take time
- The Executive Director confirmed that there had been involvement and support from portfolio holders, Cabinet and Council for work in this area
- In terms of forecasting for future budgets, there would always be an element of being led by demand, however there was recognition that more control could be achieved if the right level of edge of care services were in place
- Part of the Blueprint for Change consultation was about locality area partnership working and working more closely with the community in order to safeguard children
- The Executive Director of Corporate Development noted that part of building the budget for the following year was about trying to anticipate the level of demand on the service. There was a model but it was recognised that some factors could not be anticipated and this needed to be built into the budget
- Reference was made to the disposal of children's homes by the former Dorset County Council and the background to this was discussed. The Executive Director of People, Children, noted that the provision currently being considered by the council was different to what had been in place before. Areas currently being explored included the provision of supported lodgings for 16 to 18 year olds and in particular, a model including partner involvement and contributions and potential income
- In response to a question, the Executive Director of Corporate Development noted that a number of factors were taken into account when setting the budget and this included using market intelligence to understand likely inflationary pressures
- Consideration was given to the number of looked after children in the council area and the budget forecast for the next financial quarter
- The impact of the recent tranche 2 restructure on finance team support for Children's Services was raised and it was noted that moving forward, the model was to have a central corporate finance

- team in place with business partners allocated to each service area. The level of resource and expertise required for Children's Services was recognised and would be in place moving forward
- The Chairman commented that although the council should always aim for good value for its services, it was key that the budget fitted the service in this area. There were a lot of pressures in this area and he felt that demand would always outstrip savings that could be made. He felt that the council needed to decide that the service was a priority and budget accordingly and he encouraged the Leader and the Finance Team to provide appropriate funding in order to support looked after children
 - A point was noted with regard to reference in the report to Education, Health and Care Plans (EHCP) and the need for further narrative in the report around this area
 - The availability and use of reserves was referred to and the opportunities local government reorganisation and subsequent transformation programmes had provided
 - Further information on convergence savings would be provided in future reports.

The Chairman thanked the Executive Director of People, Children and Portfolio Holder for Children, Education and Early Help for their attendance and the information they had provided.

The committee considered the issues arising from the rest of the report and during discussion the following points were raised:

- The local government finance settlement would not be known until January 2020 and therefore there would be assumptions in the council's budget. A Budget Scrutiny Councillor Event was to be held on 13 January 2020, to which all councillors had been invited, and further explanation of the budget and assumptions made would be provided. There would also be consideration of the budget at Cabinet in January and Full Council in February. The Council was required to set a balanced budget before the start of the next financial year although it was recognised that adjustments could be made during the year through the quarterly finance reports to Cabinet
- Reserves had been brought together from the six former councils and reviewed, and part of this was to enable £5m of funding to be released from reserves to be established as a transformation fund. Bids would be considered by a group of councillors meeting as the Transformation Board. In response to a question, it was noted that a small number of bids had been considered to date. The fund provided an opportunity to transform the way things were done by the council. The committee would receive further information on work in this area through a future internal audit report and information to be included on the council's risk register
- In response to a question, it was reported that consideration of income generation was being undertaken through the budget process

- Application for government grant funding was also considered where appropriate.

Decision

1. That the Audit and Governance Committee note with concern, the predicted overspend at the end of the second quarter and the change since quarter 1;
2. That the Audit and Governance Committee request that the Executive Director of People, Children's, Executive Director of People, Adults, and relevant portfolio holders attend the meeting of the Audit and Governance Committee on 24 March 2020, when the next finance report is considered, in order to hold a discussion on issues in these areas.

54. **Report of Internal Audit Activity Plan Progress 2019/20 - November 2019**

The committee received the South West Audit Partnership (SWAP) report of Internal Audit activity plan progress report for the 2019/20 year. The plan progress reports provided an ongoing opinion to support the end of year annual opinion and also provided details of any significant risks that had been identified, along with the progress of mitigating previously identified significant risks by audit. It was reported that the ongoing audit opinion remained as reasonable. A number of partial opinions had been issued and detail was provided within the report. It was also noted that a number of high priority recommendations had yet to be implemented and that the Service Manager for Assurance would be developing a dashboard to enable directorates to monitor the position of recommendations, which it was hoped would improve the position.

Councillors considered the issues arising from the report and during discussion the following points were raised:

- A discussion was held with regard to Homes Dorset Ltd and the recent review of the associated governance arrangements. Points were raised with regard to finances and the directors that were currently appointed. It was noted that the governance arrangements required strengthening and finances set aside were still available. A business case would need to be developed if the company model was to be retained
- In response to a question with regard to checks in place for duplicate payments, it was reported by the Corporate Director for Finance and Commercial that the council had a proportionate approach which was supported by SWAP's use of computerised software to identify potential duplicate payments. There had been staffing vacancies within the team and it was hoped to improve the recovery process as the tranche 2 transitional structure process concluded

- A discussion was held in respect of progress with policy convergence and the Corporate Director, Legal and Democratic provided a brief overview. A request was made for a progress report on this area to be provided to the meeting of the committee in March 2020
- The issue of external audit fees was raised and it was noted that fees had been negotiated. The issue of pace of work had been picked up and it was noted that the council had opted for a higher fee in order to ensure a resourced and timely external audit process.

55. Risk Management Update

The committee received and considered a report of the Service Manager for Assurance, which provided an update on risk management issues in the council. It was noted that a further breakdown of information would be available in future.

56. Audit and Governance Committee Forward Plan

The committee’s forward plan was reviewed and the following points noted:

- The Executive Director of People, Children and Executive Director of People, Adults and relevant Portfolio Holders to be invited to the meeting on 24 March 2020 when the committee consider the finance quarterly monitoring report
- A report on progress with policy convergence to be provided at the March 2020 meeting
- It was noted that a change to the Constitution in respect of the planning committees had been made and information with regard to this would be provided by email to committee members by the Corporate Director, Legal and Democratic, following the meeting
- It was noted that the Council had agreed that a review of the Constitution would take place after 1 year
- In response to a question it was confirmed that consideration of the Budget for 2020/21 would take place through the scrutiny committees, Cabinet and Full Council.

57. Exempt Business

There was no exempt business.

Duration of meeting: 10.00 - 11.51 am

Chairman

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