

General Purposes and Audit Committee

Meeting held on Wednesday 20 September 2016 at 6:30pm in Council Chamber, Town Hall, Katharine Street, Croydon

MINUTES - PART A

Present: Councillor Karen Jewitt (Chair)
Councillors Jeet Bains, Jan Buttinger, Sherwan Chowdhury, Jason Cummings, Patricia Hay-Justice, Maddie Henson
Mufaddal Kapasi, Co-Optee

Also present: Councillor Simon Hall, Cabinet Member for Finance & Treasury
Richard Simpson, Executive Director – Resources
Lisa Taylor – Director of Finance Investment and Risk
Ian Geary – Head of Accountancy
Nigel Cook, Head of Pensions and Treasury
Paul Grady, Jamie Bewick, Grant Thornton, External Auditors
Dave Philips, Mazars, Internal Audit Manager
David Hogan, Head of Anti-Fraud
Pratima Solanki, Director of Adult Social Care & All-Age Disability
Clare Davies, Complaints Manager
Alison Farmer, Head of 0 to 25 SEN and Disability

Apologies

Councillor Joy Prince sent her apologies and Councillor Maddie Henson attended as substitute.
Simon Maddocks, Director of Governance
Malcolm Davies, Head of Insurance Risk and Corporate Programme Office

MINUTES - PART A

A23/17 Appointment of Vice-Chair

Councillor Sherwan Choudhry nominated Councillor Joy Prince and this was seconded by Councillor Maddie Henson. Following a vote, it was:

RESOLVED: That Councillor Joy Prince be appointed as Vice-Chair of the General Purpose and Audit Committee for the remainder of the 2017/2018 Municipal Year.

A24/17 Minutes

RESOLVED: That the minutes of the meeting held on 29 June 2017 be signed by the chair as an accurate record of the meeting.

A25/17 Disclosure of Interest

There were no disclosures of interest.

A26/17 Urgent Business (If any)

There was none.

A27/17 Committee Membership

Further to the appointments detailed within the report, the Chair noted the resignation of Nero Ugwujabo as an independent member of the committee and thanked him for his support and contribution over the last few years. The Chair also noted that recruitment for a new independent non-voting member would commence.

RESOLVED: That the appointments as detailed within Paragraph 3.3 of the report be agreed.

A28/17 Minor Amendments to the Constitution

The Executive Director of Resources outlined proposed changes to the Constitution in relation to the Health and Wellbeing Board and the Pension Committee. The amendments did not include the Pension Board.

RESOLVED: That

1. The amendments to the Constitution detailed in sections 4 and 5 of this report and detailed more specifically in Appendix 1 be agreed.
- 2 Subject to approval of the proposed change to the Health and Wellbeing Board membership, that in accordance with the Provisions of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 that the additional Member of the Health and Wellbeing Board specified in paragraph 4.1 of the report be a non-voting member.

A29/17

Audit Findings Report for Croydon Council and the Croydon Pension Fund 2016/17 Accounts

Paul Grady and Jamie Bewick of Grant Thornton introduced the report and stated that the audit had concluded and that they were able anticipating being able to issue unqualified opinions on both the Council's Accounts and the Pension Fund Accounts for 2016/17 by the end of September, by which time the Accounts and the Letters of Representation will have been signed by the Executive Director of Resources (Section 151 Officer) on behalf of the Council.

There were no adjustments resulting from the audits that impacted upon the available revenue reserves of the Council as reported in the financial statements.

The Committee were informed that the quality of the financial statements were good, and it was recognised that there is still work to do by all parties to achieve the revised time table in 2018 and officers and auditors are working together to achieve this.

The auditors stated that the policies, audit work and judgements were consistent with no cause for concern regarding internal control issues.

Auditors advised the committee that the public inspection of the accounts had been conducted and concluded and that there was one formal objection to the accounts that they were still working on.

The auditor made the committee aware that in all significant respects except Children's Social Care, as a result of the recent Ofsted inspection the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in the Council's use of resources for the year ending 31 March 2017.

In response to Members' queries regarding the risks attributed to the Brick by Brick accounts, officers stated that the risks had been included on the plan as this was the 1st year for the programme, there was no prior pattern to follow and as a result had to be recorded in this way and did not cause for concern.

The Auditor advised the committee that they had set out 10 recommendations as a result of their review of the Council's accounts. They cover readiness for next years closing and auditing of the accounts, a review of the Council Tax system and general ledger, improved process for elected Members declaration of interest returns, a review of debtor balances VAT, a review of bad debt and IT controls and improving the processes for bank reconciliations.

There were no recommendations in relation to the Pension Fund accounts.

RESOLVED: The Audit Findings report was noted and officers and external auditors were thanked for their work

A30/17

Internal Audit Update Report 1 April to 31 July 2017

Dave Phillips, Mazars presented the report and informed the Committee that the internal audit plan was on track to be delivered in year, with 30% audit days delivered to date compared to 28% last year.

The Committee was assured that the fixed price of the internal audit contract of £333,000 for 2017/18 was being sustained.

In response to Member comments that the percentage of all recommendations that had been achieved to date was low compared to the targets, officers stated that this was because they continued to address priority recommendations initially and this would affect the overall results.

Members queried whether there should be concerns, given the current situation that the recommendations for LAC 2015/16 showed none resolved. Officers explained that there would be a report to follow on this as some of the audit data were not available at the time of collating information for this report.

In response to members concerns on the monitoring of placements of SEN children in the borough, the head of 0-25 SEN and Disability stated that strategies had been put in place for monitoring placements. They had worked with good/outstanding schools to increase the capacity of children they could accommodate from 8 to 22 this year. Officers advised that extra work had been carried out by head teachers of the schools to ensure children's transition and integration process ran smoothly.

The Head of 0-25 SEN and Disability informed the committee that a bid had been put in place to develop a post 16 centre of excellence and that a development of a free special school was underway. A site had been identified and secured with building work to be launched on 27 September 2017.

The Chair and members of the Committee congratulated the council on work that had been done so far in this area of service.

RESOLVED: That the Internal Audit Report for April 2017 to July 2017 be noted.

A31/17 Anti-Fraud Update Report April – July 2017

The Head of Anti-Fraud introduced the update report by directing members to page 282 of the report which highlighted key performance results of the department through case studies as was requested at the last meeting of the Committee.

Members queried the variance between increased successful outcomes and unchanged savings. Officers advised that outcomes were not always based on monetary results. The case studies showed assets such as council properties being reclaimed and then let to other families on the housing register. Officers expressed the importance of the role that the public played in the resolution of cases.

Officers informed the Committee that individual records on recovery were kept on the database of the departments and that the fraud team provided support.

Members voiced an interest to examine comparative performance data between local authorities who had adopted the style and values set by the Cabinet office. Officers stated that comparative data would be available in years to come.

Members congratulated officers on the good performance and results of the department.

RESOLVED: That the Anti-Fraud activity of the Corporate Anti-Fraud Team for the period 1 April 2017-31 July 2017 be noted.

A32/17 Treasury Annual Review 2016/2017

The Head of Pensions and Treasury presented the report and drew attention to the fact that the Bank of England had indicated interest rate increase September 2017. Officers advised that this was contradictory to the statement made on page 288 of the report that interest rates would stay the same until the second quarter of 2018. Officers advised that the rise of the interest rate would bring the council's debt back in line to where it was before Brexit and were confident that this rise would occur before the end of the financial year.

Members raised concerns about debt rising and questioned how close to the limit set against borrowing versus spending before a cap would be placed. Officers stressed that the council had not taken up all of its entitlement to borrowing this year and had instead of further borrowing, utilised internal balances on expenditure and this had

driven down debt.

The Executive Director of Resources informed the Committee that the council's debt was below the operational limit and this was attributed to operation debt set against historical and potential borrowing, business rates collected on investment and investments in the Brick by Brick programme.

Officers advised the Committee that the debt incurred by borrowing to support the Brick by Brick and Growth Zone programmes would be repaid over a number of years and funding for this had been ring fenced in the general fund. The timescales of the programmes meant that debt is associated with the length of the programmes.

The Committee was informed that the council would continue to use its reserves that had been accumulated over time before further borrowing is considered. Finances were being plotted against capital management programmes and monitored closely.

RESOLVED: That

1. The contents of the report be noted; and
2. The Treasury Annual Review 2016/2017 and the continued implementation of the Council's Treasury Strategy 2017/18 by the Executive Director of Resources (Section 151 Officer) be endorsed

A33/17

Corporate Risk Register

The Executive Director of Resources provided an update on the risks identified from the last meeting and information on current risks to the budget. Officers advised that demand on SEN transport had been escalated to red risk due to a rise in demand volume, overspend and complexity. The Ofsted inspection also escalated the people department to red risk as a result of government involvement with the council.

In response to Members' concerns of SEN transport coming onto the risk register for the first time and request to take as an item for the next meeting, the Head of 0-25 SEN and Disability advised that a report would be made available which would forecast high end placements that would require support. Officers informed the committee that the rise in population of children that were identified as high risk and increase in assessments were linked to the new EHCP guidelines and extension of SEN services till the age of 25

The Committee were informed of positive outcomes of risks that had

been de-escalated from the register such as Brexit which presented no immediate risk in the short term, with more work to be done to understand the implications over the next coming years. Risks around housing had also been de-escalated as the council had put in place programmes to meet demand and no projected overspend forecasted for the Temporary Accommodation budget.

RESOLVED: That the contents of the Corporate Risk Register as at 20 September 2017 be noted.

A34/17

Local Government Ombudsman

The Director of Adult Social Care and All Age Disability introduced the report with reference to the investigative work which followed a complaint made by a service user to the LGO of maladministration. The committee was advised that the council failed the family on a number of grounds which caused distress. The council was instructed by the LGO to fulfil objectives under recommendations made and that this had to be completed within a set timeframe.

Actions were taken to address the issues highlighted within one month of the report being published and as a result of the lessons learnt, improvements and preventative measures had been put in place which included the following:

- Joined up working between departments to ensure a clear and seamless pathway is adopted for transition to adulthood.
- Development of a new and transparent transitions policy.
- Quality and Data Monitoring now robust
- Consistent Best Practice training sessions with staff and management.

Members were concerned by the failings of key professionals in this case and were interested in whether there had been a correlation between a reduction in funding available to the Council and the standard of service offered to the resident and his family. Officers explained that the complaint arose due to flaws within processes and that as a result a review of processes was undertaken due to the inefficiencies highlighted in this case.

The Committee enquired as to what follow up work had been undertaken to support the family. Officers confirmed that weekly checks were being completed via the family social worker on the wellbeing of the service user and family to ensure that their needs were being addressed as appropriate.

Members requested data on the volume of ombudsman complaints

received in the last three years. The complaints manager resolved to provide the data as requested.

The Chair requested that a full report on learning outcomes be provided to the committee and members heard that the report would contain full details on specific actions that had been taken, wider learning initiatives and the sharing of learning across departments. It was agreed that the report be provided in 6 months which would have afforded enough time for new processes to be embedded. Officers stated that the changes to processes has been in place since September and were working closely with the departments to change working culture.

RESOLVED: That

1. The Council's response to the Local Government Ombudsman report be noted.
2. A detailed update report be provided to the Committee in 6 months.

MINUTES - PART B

None

The meeting ended at 8.11pm