

## **Minutes of the Audit and Risk Assurance Committee**

**19 September, 2019 at 5.00pm  
at Sandwell Council House, Oldbury**

**Present:** Councillor Bostan (Chair);  
Mr Ager (Independent Vice-Chair);  
Councillors Allen, Hevican, M Y Hussain, Moore  
and Preece;  
Mr Doyle (Independent Member);  
My Hussain (Independent Member).

**Apology:** Councillors Jarvis.

29/19 **Minutes**

**Resolved** that the minutes of the meeting held on 25 July 2019 be confirmed as a correct record.

30/19 **Strategic Risk Register Update**

The Committee received an update on the Council's strategic risks and the arrangements in place to manage them.

There were currently 15 strategic risks - six red risks, eight amber risks and one green. The Committee noted that four of the six red risks related to uncertainty around central government financing:-

Risk 4c - Demand for Children's Social Care  
Risk 27 – Funding and Resource Allocation  
Risk 40 – School Place Planning  
Risk 52 - Better Care Fund and Public Health Grant

There was little scope to mitigate those risks at present, however, the Council was lobbying the government around these issues.

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It was reported that Risk 21a (compliance with the General Data Protection Regulation and Data Protection Act) had been upgraded from amber to red, as a result of the identification of a greater volume of electronic records being held by the Council that needed to be reviewed and managed in accordance with agreed retention periods. Measures had been put in place to ensure that the Council was aware of all the information it held, how it was installed, retrieved and managed in all various formats particularly with the move to Office 365. Members expressed disappointment and concern at the oversight. The Director - Law and Governance and Monitoring Officer undertook to provide further detail and clarification to members on the technical issues surrounding archived information and a further report would be submitted to the next meeting, if necessary.

Further to Minute No. 26/19(2), the Committee was informed that the current governance arrangements in place in relation to the monitoring of the Council's Contract with Sandwell Children's Trust, and the day to day involvement of the Executive Director - Children's Services and the Finance Business Partner was not a sustainable arrangement in the longer term. A post had therefore been created to undertake this role. The post would also manage the contract with Adoption@Heart, the Black Country Adoption Agency that had been established and operational since 1 April, 2019 as a result of legislation. The Committee noted the responsibilities set out in the job description for the post, which would be temporary for a period of three years, to coincide with the expectation in the contract that services would receive an Ofsted judgement of 'good' by 2022. The post would report to the Strategic Partnerships and Commissioning Manager, who in turn was line managed by the Executive Director - Children's Services.

Concerns were raised that the risk register for children's services was not delivering appropriate assurances to meet the escalating demand. The Executive Director – Children's Services reported that children's social care continued to be a massive challenge at a national level and was becoming increasingly high profile. Additionally, Sandwell had more children in care per 10,000 residents than statistical neighbours. Robust monthly and quarterly meetings with the Trust continued to take place.

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**Resolved** that the Director - Law and Governance and Monitoring Officer provide further detail and clarification to the Committee on archived information.

31/19

### **Children Services Directorate Risk Register**

The Executive Director – Children’s Services presented the Children’s Services Directorate Risk Register and updated the Committee on the mitigations in place to manage these risks. Of the 11 risks on the register, two were red, seven were amber and two were green. It was noted that three of the risks currently also appeared on the Strategic Risk Register.

It was reported that Sandwell Children’s Trust was working with a number of other councils, including Wolverhampton City Council and Essex County Council, on a project – Edge of Care - that provided support services to prevent children from entering the care system. Early indications in the other local authorities showed that the project was having a positive impact on reducing numbers.

The Executive Director - Children’s Services reported that retaining staff and managing budgets continued to be a challenge for the Trust. A Medium Term Financial Plan for Sandwell Children’s Trust had been drafted, which would be presented to the Operational Partnership Board on 1 October 2019 and subsequently the Budget and Corporate Scrutiny Management Board, before being submitted to the Council as part of the normal budget setting arrangements.

There were 15 key performance indicators (KPIs), which were monitored at monthly Operational Partnership Board meetings and the contract details the actions to be taken if targets were not met. Performance on the KPIs had been up and down and action had been taken in relation to one.

It was noted that partnerships had been an area of criticism by Ofsted and there had therefore been a lot of emphasis over the last 18 months on creating better partnerships with separate organisations to free up capacity. The Safeguarding Partnership had been re-structured with excellent commitment from all partners and intervention activity around child exploitation being recognised by the

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Members voiced concerns that since 2014, there had been three reoccurring themes raised by Ofsted regarding children's social care: staffing and lack of stability in work force; high caseloads and quality of work. The Executive Director - Children Services reported that the current staffing profile stood at 30% agency workers, however, the Trust's target was <18.5%. With regards to caseloads, current data showed 20.4 cases social worker. Quality monitoring took place every month, with 20-50 cases audited, including a percentage of SEND cases. Quality audits covered a range of practice areas and in the last four months quality was improving.

Members expressed concern about the increasing number of looked after children and the considerable overspend and the need for a whole system approach, giving more focus to community-based solutions. It was noted that the contract with Sandwell Children's Trust did not require it to report to this Committee as the Trust had its own audit arrangements and audit committee in place. However, representatives of Sandwell Children's Trust would be invited to attend a future meeting to address the Committee and answer questions.

The Chair expressed concern around the huge area that Adoption@Heart covered and whether the particular needs of each component was taken into account for example assessment cultural and religious needs of children that come into the system for adoption. The Executive Director - Children Services responded that the benefit of having a regional arrangement was that across a large geographic area, there was more opportunity to find a right match for a child and a family that was able to meet their cultural, physical, emotional and behavioural needs. A report was due to be presented to the lead member in early October on performance on the first six months of operation.

**Resolved** that whilst it is noted that the Council's contract with Sandwell Children's Trust does not require it to report to this Committee, as the Trust has its own audit arrangements and audit committee in place, representatives of Sandwell Children's Trust be invited to attend a future meeting of the Audit and Risk Assurance Committee.

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The Director – Education, Skills and Employment presented an update on school place planning and the risks and mitigation that the Council was putting in place for the next five years. School Place Planning continued to be a red risk on the Strategic Risk Register due to uncertainty around government funding allocations.

Funding to support capital programmes came from the Department for Education Basic Need Funding. The Council had received a nil basic need funding allocation for 2020/21 and it was estimated that allocation for 2021/22 would also be nil. Recent consultation suggested that there would be a change in funding methodology and it was hoped that this would impact positively on future Basic Need allocations.

Since 2011, there had been a 26% increase in birth rates in Sandwell. In addition, the Council had seen a 33% increase in inward migration in the past two years. This had resulted in the expansion of 38 primary schools, creating an additional 5,200 school places. These expansions would need to be replicated into the secondary sector, which required significantly more funding.

In the secondary sector, 414 additional school places had been delivered for September 2019 through the creation of a new secondary school in West Bromwich and expansions at a number of secondary schools. The Cabinet had recently approved funding to complete the final development phases at Q3 Langley and West Bromwich Collegiate and a scheme to increase capacity at Bristnall Hall Academy by 150 places. Two additional new free schools were also scheduled to open in 2022.

It was noted that the Council had to demonstrate a surplus of places in primary projections that provided parents choices between schools. Most authorities operated a 5-10% surplus. 15 of Sandwell's 19 secondary schools were currently full.

The Council had received funding from the Department of Education for two new special schools that would cater for autism to support the increasing number of children and young people with more challenging needs entering the education system.

The Council was looking to explore other means of capital streams pending the anticipated receipt of government funding in

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the future and discussions were taking place with the Executive Director – Resources.

The Chair thanked the Cabinet Member for Resources and Core Services who had recently sent a robust letter to the Chancellor, for championing Sandwell's needs in this area.

### **33/19 Interserve Update**

Further to Minute No. 6/19 (10 January 2019), the Committee noted an update on the Council's relationship with Interserve Plc.

As at 10 January 2019, the major risk to the Council, if Interserve as a company had folded, concerned delays that would arise in the timely delivery of time critical capital projects to deliver new school places by the required dates. This risk had now fallen away, with two of the three projects completed, and the project at George Salter Academy being on schedule for completion early October.

### **34/19 Chartered Institute of Public Finance and Accountancy (CIPFA) Update 29**

The Committee noted the latest Audit Committee Update from CIPFA, which focussed on the CIPFA Statement on the Role of the Head of Internal Audit, External Audit Arrangements for English Local Government Bodies and a Regular Briefing on Current Issues.

The Statement was based on five principles applicable to any public-sector organisation. CIPFA was satisfied that the Council's Head of Internal Audit had complied with the five principles and public-sector audit standards.

The update also made reference to external audit arrangements, which the Council had outsourced to Grant Thornton. It was noted that due to capacity issues at Grant Thornton, there had been a delay this year in publishing the Council's Statement of Accounts, which were yet to be presented to the Committee.

It was noted that a government review was currently underway into the quality of local authority audits and the effectiveness of

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local authority financial reporting and audit regimes. The final report of the Redmond Review, which would also include consultation with stakeholders, was expected to be published in March 2020.

### 35/19 **Local Government and Social Care Ombudsman (LGSCO) – Annual Review for the year ending 31 March 2019**

The Committee received the Local Government and Social Care Ombudsman (LGSCO) Annual Review which provided a summary of the complaints dealt with in relation to the Council. 115 complaints had been received in 2018/19 period, of which 17 detailed investigations had taken place and 10 complaints had been upheld.

The Committee noted that the detailed breakdown of the decisions provided in the report did not accurately reflect the total number of detailed investigations. The Director – Law and Governance and Monitoring Officer undertook to circulate a revised report to members.

36/19 **Resolved** that the public and press be excluded from the rest of the meeting to avoid the possible disclosure of exempt information under Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006 relating to the financial or business affairs of any particular person, including the authority holding that information.

### 37/19 **Local Government and Social Care Ombudsman**

The Committee noted the detail of a confidential case report where the Local Government and Social Care Ombudsman (LGSCO) had initially found against the Council in respect of a financial assessment carried out, but had following the submission of additional information changed its finding and determined that the Council had completed the financial assessment in accordance with the statutory guidance. The background to the case was discussed. The LGSCO required the report to be considered at Committee in private session, and recommended payment of £300 to complainant in recognition of time and trouble, it was confirmed that the payment had been made.

**38/19 Cyber Security Update**

Further to Minute No. 54/18 (8 November 2018), the Committee received a presentation on the detailed arrangements that the Council had in place relating to cyber and information security.

A Cyber Governance Board had been established, which would meet monthly and submit quarterly updates to Executive Management Team.

Members sought assurances in relation to the data transfer process from Capita to Synergy (Minute No. 31/19 refers) given the high volume of sensitive data involved. It was reported that there was a project management process in place to manage the transfer, which included consultation with ICT staff.



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It was agreed that regular updates would be presented to the Committee to provide ongoing assurance that the Council's core ICT systems were adequately protected from cyber-attacks.

(Meeting ended at 7.14 pm)

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