



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 28 JUNE 2017 at 5:30 pm

P R E S E N T :

Councillor Dawood (Chair)

Councillor Alfonso  
Councillor Bajaj

Councillor Hunter  
Councillor Dr Moore

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**1. APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Chowdhury, Councillor Westley, John Cornett (KPMG) and Alison Greenhill, Director of Finance.

**2. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**3. MINUTES OF THE PREVIOUS MEETING**

Members of the Committee were asked to confirm that the minutes of the meeting held on 22 March 2017 were a correct record.

RESOLVED:

That the minutes of the meeting of the Audit & Risk Committee held on 22 March 2017 be confirmed as a correct record.

**4. MEMBERSHIP OF THE AUDIT & RISK COMMITTEE 2017/18**

Members were asked to note the membership of the Committee for 2017/18:

Councillor Dawood (Chair)  
Councillor Westley (Vice-Chair)  
Councillor Alfonso  
Councillor Bajaj  
Councillor Chowdhury

Councillor Hunter  
Councillor Moore  
(2 non-grouped places currently unallocated)

RESOLVED:

That the membership of the Committee for 2017/18 be noted.

## **5. DATES OF MEETINGS OF THE AUDIT & RISK COMMITTEE 2017/18**

Members were asked to note the meeting dates of the Committee for the 2017/18 municipal year, all to commence 5.30pm:

28 June 2017  
26 September 2017  
6 December 2017  
21 March 2018

It was noted that some Members of the Committee would not be able to make the meeting due to take place in September. It was therefore agreed that further consideration be given to finding an alternative date.

RESOLVED:

That the dates of meetings of the Committee for 2017/18 be noted, and that the proposed date for September be subject to further consideration.

## **6. IMPACT ON ADULT SOCIAL CARE OF THE CHANGES TO FUNDING IMPOSED BY THE GOVERNMENT**

Steven Forbes, Strategic Director, Adult Social Care was in attendance to provide a verbal briefing on the current position with regard to funding for Adult Social Care (ASC) services.

As part of his presentation, the Strategic Director covered the following areas:

- The Government had previously recognised the pressures that ASC services were under and provided additional funding under the Improved Better Care Fund (iBCF).
- At a national level there were differing views between local government and the NHS as to how this money should be spent. Within the City however, agreement had been reached with NHS colleagues regarding how it was being utilised, despite the national discussion and the lack of published planning guidance on the new iBCF funds.
- The Council's Executive had approved the use of £14m out of the Council's reserves in 2016/17 to deal with the department's previous overspends.
- The vast majority of services provided by the department were statutory and demand led which was increasing which meant a particular challenge in delivering reduced costs.
- Growth in numbers in the overall user group was low, but some such as working age mental health and working age physical health had increased

sharply.

- Increased levels of overall 'frailty' meant that certain care packages were becoming considerably more expensive due to their complexity.
- The increased pressure on budgets meant that the Department had to continually review and maintain a position and balance between the most cost effective option and provision that supports best outcomes for people.
- Due to the national political situation, there was no clear policy emerging from the government about sustainable future funding and this made it difficult to plan for the future.

Committee members raised a number of points:

- Was the growth in people with working age mental health issues as a result of a poor financial situation or possibly drug taking? The Strategic Director said that the general health of the city's population was the driver for increased numbers of working age people in receipt of care packages. The City's number of working age adult social care service users were, particularly high compared to comparator cities and regional averages.
- Was Leicester's financial position worse than other cities, or was this a general situation? The Strategic Director explained that as Leicester had high numbers of working age people with care packages, it meant that they received care for a long time, which meant ongoing expense. Also, low level chronic health needs often deteriorated further which meant more people unable to do the basics of life which meant more support was required. The financial position of councils with social care responsibilities varied but the vast majority were forecasting increasing budget pressures relating to adult social care demand.
- Were the issues with poor health mostly in deprived areas? The Strategic Director noted that this was usually the case particularly for older people. It was however not always the case, for example Hamilton had higher than expected use of mental health adult social care services.
- Could issues arise from drugs that people took? i.e. it was thought that steroids could lead to diabetes. The Strategic Director commented that the move was away from specific condition based pressures to one of general 'frailty' across all age groups. This impacted as much on the NHS as it did on Adult Social Care and they also were now looking at dealing with more general patterns of frailty where multiple conditions were taken into account.
- The general view of the Strategic Director was sought in relation to future funding, noting the short term nature of the current extra funding and instability at national government level? The Strategic Director noted that significant savings had been made by the department already. However, it was the general view of the Association of Directors of Adult Social Services that savings opportunities were now becoming exhausted and that confidence across Directors in England on delivering planned savings beyond 18/19 was low. This was reflected in the Annual Budget Survey conducted by ADASS and which was published earlier today. The vast majority of the Adult Social Care budgets were spent on care packages over which, there were little ability to control beyond ensuring adherence to eligibility criteria and seeking alternatives where appropriate to statutory care services. Stability and a sustainable way forward were needed from the

government, but there was currently no obvious plan for this. If there was no change, by the year 2020/21/there would be a £ 20 million funding pressure for the Council and an estimated £2.5bn shortfall for adult social care funding across England and not being able to plan for the future was problematic. However, the Strategic Director was confident based on the assumption that it would not be a viable option for Government not to fund beyond 19/20 that once the current additional funding ended, it would have to be replaced with something else as it could mean whole councils become unviable due to pressures from adult social care.

RESOLVED:

- 1) That comments of the Director be noted;
- 2) That the Committee expresses its concerns about the lack of central government direction on sustainable future funding and the general health of the city; and
- 3) That the Strategic Director for Adult Social Care forward on links with further information to Members of the Committee.

## **7. EXTERNAL AUDITORS' ANNUAL AUDIT FEES LETTER 2017/18**

The External Auditor submitted the Annual Audit Letter which summarises the audit work and fee proposed for the 2017/18 financial year at Leicester City Council.

RESOLVED:

That the Annual Audit Letter be noted.

## **8. INVOICE PAYMENT PERFORMANCE**

The Director of Finance submitted a report which provided an update on the timeliness of invoice payments the authority made to its suppliers of goods and services.

Members of the Committee raised a number of queries:

Were the poor performance issues down to specific cost centre managers, or were the issues widespread? The Head of the Business Service Centre noted that sometimes there were issues with specific cost centre managers and where this was the case, relevant directors would be notified. There were also problems with receiving invoices late from suppliers and other issues where problems arise, suppliers and managers were reminded of their responsibilities. If there were particular problems, name and shame could be used. It was noted that there had been no complaints from local small businesses regarding late payment since the improved payment terms were introduced.

Why weren't cost centre managers always raising purchase orders? The Head of the Business Service Centre explained that the purchase orders process was put in place to make processes quicker. Sometimes the process isn't always followed, particularly by managers who don't undertake the process on a regular basis. It wasn't such a widespread problem as previously, but there

will always be some bypassing of the process. Where problems do occur managers were reminded of their responsibility.

The report referred to the Committee receiving future reports should performance fall below an acceptable level. The definition of this was queried. No firm conclusions were arrived at and officers were asked consider this further and provide details to Committee Members, ideally based on actual numbers of invoices paid.

It was requested that graphs in the report be presented in colour in future.

RESOLVED:

- 1) That the report be noted;
- 2) That the Head of Finance and the Head of the Business Service Centre give consideration to the criteria for acceptable level of performance, based on actual numbers and feedback to Committee Members.

## **9. AGENCY STAFF**

The Director of Finance submitted a report which provided an update on the use of agency staff and associated procedures, as previously requested by the Committee.

Committee members raised a number of queries / points on the report:

In the report, there was a list of job categories which made up the different areas which use temporary staff. It was noted that 37% were 'Children's Qualified', which mostly meant social workers. As this area was going into a staffing review, with a 40% reduction in the workforce, would this mean a lower requirement for temporary staff? Caroline Deane, the Business Service Centre Service Manager explained that it wouldn't be a 40% reduction in staff, but the review would replace staff on a like for like basis, covering new roles.

The charts in the report were welcomed.

It was hoped that the position with temporary staff in the Children's Services department would reduce in future as there were schemes to develop staff internally. The picture was however static at the moment and the matter would be raised at the Children, Young People and Schools Scrutiny Committee.

It was noted that the figures in the report were percentages, rather than actual numbers which it was thought would be preferable. The Business Service Centre Service Manager explained that it wasn't easy to do 'headcount' numbers because that wouldn't take into account staff who worked part time hours. 'Full Time Equivalent' numbers could be used to provide a clearer picture on numbers. This was requested for future reports.

The reduction in use of temporary staff since 2009/10 was noted and work

done to reduce numbers was praised. It was queried what any target for further reductions could be? The Business Service Centre Service Manager said that there would always be a need for temporary staff, unless there was a view to not cover vacancies and even then there would only be about 3% of roles that you could not cover. The Head of Business Service Centre commented further that Caroline's team had a role in governance of temporary staff, and challenging staff where a request was made. Setting a target would be difficult because need was driven by business requirement.

RESOLVED:

That the report be noted.

**10. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL PERFORMANCE REPORT, JANUARY 2017- JUNE 2017**

The City Barrister and Head of Standards submitted a report which advised the Committee on the performance of the Council in authorising Regulatory Powers Act (RIPA) applications from 1<sup>st</sup> January to 30 June 2017.

Iain Harrison, Information Governance and Risk Manager presented the report.

In response to a question, Iain explained that in terms of the hierarchy of what was observed, there were 3 directors who had been trained and could authorise surveillances and they had to follow strict procedures. Those procedures were regularly reviewed both internally and by external inspection by the Office of the Surveillance Commissioner (OSC) and received strong approval whenever it had been done. Surveillances were only undertaken when lawful and strictly necessary and the Council was determined to not go beyond what was needed.

RESOLVED:

That the report be noted.

**11. ANNUAL REPORT ON THE NATIONAL FRAUD INITIATIVE (NFI)**

The Director of Finance submitted a report which provided information to the Committee on the National Fraud Initiative (NFI) exercises currently underway.

RESOLVED:

That the report be noted.

**12. COUNTER-FRAUD ANNUAL REPORT 2016-17**

The Director of Finance submitted a report to provide information on counter fraud activities during 2016/17, based on the work of the City Council's Corporate Investigations Team.

A query was raised regarding whether there were any anticipated difficulties arising from the introduction of Universal Credit (UC)? Stuart Limb, the

Corporate Investigations Manager, felt that there were likely to be more complications arising from Universal Credit as it covered a wide variety of support. The duty to investigate benefit fraud had moved to the Department for Work and Pensions (DWP) and the former council benefit fraud investigators had transferred to the DWP. He noted that despite the name, there would still be other separate benefits which may be confusing for benefit claimants.

RESOLVED:

That the report be noted.

### **13. REVIEW OF THE ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND STRATEGY**

The Director of Finance submitted a report on the annual review of the Anti-Fraud, Bribery and Corruption Policy and Strategy, as required under the Terms of Reference of the Audit & Risk Committee.

RESOLVED:

That the Anti-Fraud, Bribery and Corruption Policy be approved.

### **14. OPERATIONAL AND STRATEGIC RISK REGISTERS / INSURANCE CLAIMS DATA**

The Director of Finance submitted a report that provided an update on the Strategic and Operational Risk Registers and the change to reporting arrangements.

The Risk Management Manager gave a detailed presentation of the report.

It was noted that the lack of colour in members' papers meant it was difficult to see where there had been changes to registers, which was the intention. It was however noted that it was council policy to reduce colour printing and there were different ways of presenting changes (ie in bold) which would mean that more expensive colour copies wouldn't be needed.

It was also requested that a summary of changes be provided in future reports.

A query was raised about how the details of risk registers were disseminated to staff? The Risk Management Manager explained that when she undertook training with managers she informed them that the registers should be shared with staff in order to emphasise the fact that everyone was responsible for managing risk.

A further point was made about the number of risks, feeling that it looked like there were more on the registers than there had been in the past. The Risk Management Manager commented that there had been some complacency in the past, and there was now better identification of risk. The risks in the report were the higher level risks which directors were required to be aware of.

RESOLVED:

That the report be noted.

**15. ANNUAL APPROVAL OF THE POLICY FOR ENGAGEMENT OF THE EXTERNAL AUDITOR FOR NON-AUDIT WORK**

The Director of Finance submitted a report which sought the Committee's approval for the Policy for Engagement of External Auditors for Non-Audit Work.

In presenting the report, Colin Sharpe, the Head of Finance noted a substantive change to the policy, in that the level of expenditure which generated a report to Committee, when engaging auditors for non-audit work was being reduced from £97,000 to £20,000.

RESOLVED:

That the Policy for Engagement of the External Auditor for Non-Audit Work be approved.

**16. ANNUAL TIMETABLE OF REPORTS FOR THE AUDIT & RISK COMMITTEE**

The Director of Finance submitted a report which outlined the business coming forward for the Committee for the forthcoming year.

Committee Members were advised that they could request additional reports or training sessions if felt necessary.

RESOLVED:

That the report be noted.

**17. ANY OTHER URGENT BUSINESS**

There was no urgent business.

**18. CLOSE OF MEETING**

The meeting closed at 7.08pm.