



Leicester  
City Council

Minutes of the Meeting of the  
AUDIT AND RISK COMMITTEE

Held: WEDNESDAY, 12 SEPTEMBER 2018 at 5:30 pm

P R E S E N T:

Councillor Riyait (Chair)

Councillor Alfonso

Councillor Dr Moore

Councillor Bajaj

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**29. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Westley, Councillor Dr Chowdhury and the Director of Finance.

**30. DECLARATIONS OF INTEREST**

Members were asked to declare any interests they may have in the business on the agenda.

There were no declarations of interest.

**31. MINUTES OF THE PREVIOUS MEETING**

RESOLVED:

That the minutes of the meeting held on 25<sup>th</sup> July 2018 be confirmed as a correct record.

**32. DRAFT ANNUAL REPORT OF THE AUDIT AND RISK COMMITTEE TO COUNCIL 2017-18**

The Director of Finance submitted the draft annual report of the Audit & Risk Committee to Council setting out the Committee's achievements over the municipal year 2017-18.

Colin Sharpe presented the report and it was noted that the committee terms of reference approved by council required that an annual report be submitted.

There was a brief discussion about the continuity of membership and member

attendance. The committee felt it was important to support new members and for there to be continuity of membership and Chairing to develop understanding and to enable a positive contribution to be made to a well-functioning committee.

The Chair commented that the test was that whoever was appointed was contributing effectively and on the basis of this report that appeared to be happening.

The Chair emphasised the importance of member training sessions ahead of meetings that strengthen the committee.

Officers agreed that regular training sessions should continue to be offered and advised that the current Terms of Reference for the committee were being revised with a focus on clarifying and strengthening the committee.

The Chair thanked officers for the report.

RESOLVED:

That the Annual Report of the Audit & Risk Committee to Council covering the municipal year 2017-18 be approved and submitted to Council.

### **33. HOUSING BENEFITS SUBSIDY ARRANGEMENTS UPDATE**

The Director of Finance submitted a report updating on the Housing Benefit Subsidy arrangements for the authority.

Caroline Jackson, Head of Revenues and Customer Support presented the report which included an update on the current audit regime, the subsidy qualification loss and the measures in place to minimise the loss, an update on the next steps to continue the improvement journey and how the service promoted customers reporting a change in circumstances.

Members discussed the report during which the following comments were made:

- Clawback was recovered from people where possible usually as a deduction out of their housing benefit. With universal credit although an application could be made to DWP to deduct, it fell very low down on the list of priority debtors and was therefore not likely to be recovered.
- There was an option for claimants to phone through and notify changes although that was not to a dedicated number, however the call flow had tiers and within that “change in circumstances” calls were classified as tier 2 calls which were prioritised with an average call waiting time of 4 minutes.
- The online reporting mechanism was a stand alone e-form, this was not yet integrated into back office although there were plans to move towards that next year. It was intended that the form would be easy to find and complete. Officers as well as members of the public would test accessibility to the form using the council’s website.

- There were challenges on the customer call centre due to the high volumes of calls coming through. This was being managed with an action plan in place (reviewed last August) and training for everyone who worked in the call centre.
- In the 8 weeks since the introduction of Universal Credit the team had received 4,000 online notifications from DWP of which only 15% had an impact on a claim which meant that 85% had to be checked which had no impact. The team had to look at all of the notifications to ascertain if there was an impact on a claim.
- It was noted that 14 local authorities had been invited to a DWP and stakeholder meeting to express concerns about strategic management of Universal Credit and the impact on local authorities. The committee shared the concerns of officers about the high levels of notifications and strategic management of Universal Credit by DWP and asked for feedback from the stakeholder meeting.

Members noted difficulties in retention of staff/recruitment and were advised that the service area was currently running with 15 vacancies. A new 3-year contract was to start shortly with Civica - a company that would help to deal with a third of the change of circumstance cases. The council would continue to manage more complex cases whilst they managed the lesser ones coming through. With the contract in place and efficiencies being brought in, the service was confident the workload will be manageable and were therefore not looking to fill vacancies at this point.

In terms of staff retention, the extension of the full roll out of Universal Credit to 2022 had not helped, the service was maintaining training, IT procedures had been refreshed and there were morale boosters such as a dress down day every month plus activities that staff were encouraged to participate in so that the workplace was somewhere they wanted to be.

Members expressed concerns regarding the delays encountered with the statutory audit by KPMG and noted the difficulties for officers in fulfilling statutory obligations as KPMG hadn't done work in a timely manner.

Members were informed there had also been a delay to the external audit sign off of the Council's accounts by the end of July despite assurances given at the last meeting and it was suggested that corporate issues within KPMG were impacting. Members noted that the Director of Finance had written to KPMG and the Chair asked that KPMG's response to that letter be shared and to be kept informed of the situation.

Members agreed that a letter from the Chair expressing the concerns of the committee should be written to KPMG.

The Chair asked for the committee to be updated on progress regarding the Housing Benefit Subsidy arrangements to a future meeting.

RESOLVED:

1. That the contents of the report be noted,

2. That the Chair write to KPMG to express the concerns of the committee over delays and impact on the local authority audit process,
3. That an update be brought to a future meeting.

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

The Director of Finance submitted a report to provide an update on the National Fraud Initiative exercises currently underway.

Members noted that National Fraud Initiative was a bi-annual project reported on annually.

RESOLVED:

That the contents of the report be noted.

**35. 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, as required under the Terms of Reference of the Audit & Risk Committee.

Members noted that there were no significant changes other than the internal audit service was now provided by the county council and the policy remained fit for purpose.

Members also noted the benefits from the excellent working relationship with the county council team who had shared their e-learning package which would be tailored for city council staff and rolled out for training.

RESOLVED:

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

**36. CORPORATE COMPLAINTS (NON STATUTORY) 2017-18**

The Director of Finance submitted an update report on Corporate Non Statutory Complaints 2017-18.

Caroline Jackson, Head of Revenues and Customer Support outlined the report.

The committee noted that:

- the delivery function for Corporate Complaints had transferred to the Revenues and Customer Support Service as of February 2018 as part of the Business Service Centre review,
- there was an overall reduction in the number of complaints received - down 23% compared to last year with 38% of complaints received being

- triaged to appropriate service areas to respond to,
- of the complaints investigated 23% were justified, 48% not justified and the remainder partly justified,

Members were informed that a corporate complaints policy was being drafted which would be brought to the November 2018 committee meeting with a view to being implemented by January 2019.

Members were invited to ask questions and during discussion the following points were made:

- In terms of staff attitude and behaviour in phone calls, this was tackled if raised as an issue.
- Support was given to staff who had a bad experience with a customer and they were encouraged to report if they received verbal abuse. Call handling training was given to all staff and the service received upwards of 41,500 calls a month therefore quantity of complaints overall was a small number.
- In terms of complaints about the speed of service this mainly related to Revenue Services Support and notifications of change of circumstances. Responses to such complaints were often about making sure decisions were made as quickly as possible.
- There were several ways for customers to lodge a complaint. Of those made last year 900 were made by phone, 400 came via email but only 4 were made using the on line My Account option. My Account customer journey could be improved and the service was working with the digital transformation lead to review My Account customer journeys to make it more user friendly.
- There were currently 26 vexatious complainants supported by the team, these took up a lot of resource and they often made multiple contacts over a variety of mediums - email and phone.

The Chair thanked officers for the progress in this area.

RESOLVED:

1. That the contents of the report be noted,
2. That the Corporate Complaints Policy be brought to the March 2019 meeting for consideration.

### **37. PRIVATE SESSION**

Into Private Session.

RESOLVED:

That the press and public be excluded during consideration of the following report, in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because it involved the likely disclosure of "exempt" information, as defined in the Paragraph detailed below of Part 1 of Schedule

12A of the Act, and taking all circumstances into account, it was considered that the public interest in maintaining the information as exempt outweighed the public interest in disclosing the information.

Paragraph 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Internal Audit Update Report**

**38. INTERNAL AUDIT UPDATE REPORT**

The Head of Internal Audit & Assurance submitted the Internal Audit update report showing progress against the 2018/19 audit plan, outcomes of audits and an update on high importance recommendations.

It was noted that the forthcoming review of the committees Terms of Reference would consider how an audit update could be presented in public session to improve transparency.

Members noted the contents of the appendices referred to.

The Chair referred to a number of recent data breaches reported and enquired whether there was any audit involvement. It was advised that there was an audit in relation to the new GDPR regulations conducted by an IT auditor to effectively understand where the council was with revised processes and there would be further follow up work in relation to that in December 2018. Members were assured that the framework in place was generally good and that errors usually came down to human error. It was noted that the council also had its own information governance team that investigated data breaches and decided whether to report those on.

RESOLVED:

That the contents of the report be noted.

**39. ANY OTHER URGENT BUSINESS**

The Chair reported that he was due to meet with the Monitoring Officer to explore the options available regarding the one related party disclosure that remained outstanding as discussed at the last meeting and he would report to the committee in due course.

There being no further business the meeting closed at 7.08pm.



