

Summary Sheet

Council Report:

Audit Committee – 24th November 2015

Title:

External Audit and Inspection Recommendations

Is this a Key Decision and has it been included on the Forward Plan?

No

Strategic Director Approving Submission of the Report:

Stuart Booth, Strategic Director of Finance and Corporate Services

Report Author(s):

Tracy Blakemore - Quality and Projects Officer, CYPS

Sue Wilson – Head of Service, Performance & Planning, CYPS

Ward(s) Affected:

All

Executive Summary:

In line with the audit committee prospectus “A fresh start”, the purpose of this report is to provide details of recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these. The report will also summarise the progress against recommendations from across all key external audits and inspections.

Recommendations:

That the Audit Committee notes the governance arrangements that are currently in place for monitoring and managing the recommendations from external audits and inspections.

That the Audit Committee continues to receive regular reports in relation to external audit and inspections and progress in implementing recommendations.

List of Appendices Included:

Appendix A – Summary of recommendations

Background Papers

Ofsted report published November 2014
Corporate Governance Inspection published
Fresh Start Improvement Plan
CYPS Improvement Plan

Consideration by any other Council Committee, Scrutiny or Advisory Panel**Council Approval Required**

No

Exempt from the Press and Public

No

Title – External Audit and Inspection Recommendations

1. Recommendations

- 1.1 That the Audit Committee notes the governance arrangements that are currently in place for monitoring and managing the recommendations from external audits and inspections.
- 1.2 That the Audit Committee continues to receive regular reports in relation to external audit and inspections and progress in implementing recommendations.

2. Background

2.1 In line with the audit committee prospectus “A fresh start”, the purpose of this report is to provide details of recent and current external audits and inspections, including the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from external audits and inspections. The report will also summarise the progress against recommendations from across all key external audits and inspections. The report covers the 2 key improvement plans – Fresh Start and the Children and Young People’s Plan plus recommendations from inspections from across the rest of the Council.

3. Key Issues

3.1 Fresh Start Improvement Plan

3.1.1 The “Fresh Start” Improvement Plan is Rotherham Council’s strategic, organisation-wide response to the corporate, organisation-wide aspects of the external Corporate Governance Inspection (CGI), published February 2015 and the Jay and Ofsted reports published in 2014. Section 5 of the ‘Fresh Start’ Improvement Plan outlines the association between it, and its sister document the Children and Young People’s Improvement Plan, developed in response to the recommendations from the Ofsted inspection of children’s services.

3.1.2 The RMBC Council meeting on 22nd May 2015 approved the Fresh Start Improvement Plan, with full cross-party support, prior to the Plan’s formal submission to the Secretaries of State for Communities and Local Government (DCLG) and Education (DfE) on 26th May 2015. The version of the Plan as submitted to Government is publicly available via the Council [website](#) and while the Plan is not intended as a public-facing document, a short, executive summary version has been prepared to support wider knowledge and understanding on the Plan’s main aims amongst council’s staff, elected members, partners and the public.

3.1.3 The Plan contains a suite of actions and milestones set out in a series of tables in sections 6.7 and 6.8. These were informed by the Government appointed

Commissioner's assessment of the Council's key improvement requirements in order to achieve a "fresh start" (a key phrase used at the time of Louise Casey's CGI report). It took into account discussions with leading elected members, senior managers and a staff corporate working group. It also drew upon elements of initial work carried out by a corporate improvement board that the Council had established with the Local Government Association (LGA) following the publication of the Professor Jay report in August 2014.

3.1.4 The Plan is divided into two phases:

An initial "transition" phase, to May 2016, focuses on ensuring the Council has the basic building blocks in place of an effective council, namely:

- Inspirational political leadership
- Robust governance, decision-making and performance management
- A culture of excellence and outstanding implementation
- Strong, high impact partnerships

The second phase of the plan from May 2016, focuses on embedding strong leadership and a new culture and follows on from the appointment of key, permanent senior staff and the 'all out elections' planned for May 2016. This is yet to be defined in detail, with most actions front loaded and focused on the key building blocks. Greater clarity over phase two will therefore emerge as phase one is implemented.

3.1.5 In terms of the implementation of the Plan and its governance arrangements, this is overseen chiefly by a "Joint Board" of Commissioners and leading Elected Members (Labour and Opposition), supported by an officer Corporate Improvement Plan Group and assigned coordinators, linked to the Strategic Leadership Team (SLT).

3.1.6 The Joint Board meets monthly, to assess progress being made against each improvement action within the Plan. The first formal review of the Council's improvement progress to Government, submitted on 26th August 2015¹, featured a summary progress report based on the Joint Board's governance and performance management arrangements. Work will continue in this way, though it is expected that during early 2016, the Joint Board will wish to review how it operates as it approaches the second year of activity.

3.1.7 It is also worth noting that Commissioners have established a regular, quarterly programme of Public Meetings, where they meet with Elected Members in a forum where they can be questioned in a public setting on their progress, including with regard to the implementation of the "Fresh Start" Improvement Plan. Details of the Commissioners' Public Meeting are available on the Council's website (see <http://moderngov.rotherham.gov.uk/mgCommitteeDetails.aspx?ID=1015>).

¹ Available on the Council's website at www.rotherham.gov.uk/download/downloads/id/2645/commissioners_six_month_progress_review_-_august_2015.pdf

3.2 Adult Social Care

3.2.1 The CQC continue to undertake their programmed inspections of RMBC Social Care registered providers. Below are the updates since the last report:

- **Netherfield Court (intermediate care provider).** The 2015/16 unannounced visit of this service took place on 7th October 2015. The inspection followed the new CQC inspection format and was conducted over two days. The written report is awaited but verbal feedback given to the manager was very positive.
- **Treefields Close (Learning Disability Respite Service)** was awarded an overall rating of Good following an unannounced inspection on 14th & 15th July 2015. There is one recommendation outstanding in relation to “Is the service well-led”. It was found that the service was well led, however, there had been no registered manager in post for several months despite it being a condition of the home’s registration that one was needed. The registration process of the new manager has commenced and sign off by CQC is expected by December 2015.
- **Quarry Hill Road (Learning Disability Respite Service).** This service was inspected by the CQC on the 11th and 20th August 2015 and was awarded an overall rating of Good with one area ‘is the service caring’ rated as outstanding. The CQC made no action or enforcement action requirements of the service. The full report will be published by CQC on their website shortly.

3.2.2 Overall Adult Services have a satisfactory compliance record with standards subject to inspection. Work has commenced to review current inspection governance arrangements including the stronger practices now implemented in Children & Young People’s Services to further strengthen its arrangements for preparing for inspections and responding to their outcomes.

3.3 Children and Young People’s Improvement Plan

3.3.1 CYPS Improvement Plan Review

- The Improvement Plan has recently undergone a substantial review. Previously the Plan focused on delivering the actions and outcomes in response to the 26 recommendations made by Ofsted in their inspection report published in November 2014. These initial actions focused on delivering the immediate remedial work required.
- The 26 recommendations from the OFSTED inspection will remain in place and “open” in the refreshed plan until the secretary of state from the Department for Education has made a decision for Rotherham to come out of intervention and is satisfied that all the requirements have been met.

- As well as being aligned to the original recommendations the Improvement Plan has been reshaped to align to the journey of the child, align more closely to Ofsted key judgements for a 'good' service and improvement priorities identified by Commissioner Newsam in the letter to the Minister in July 2015.
- The Plan includes documented evidence and progress against outcomes and provides stronger accountability through Assistant Directors as 'owners'. The plan consists of a number of actions describing the work required as part of the improvement journey. Actions are progressed and monitored by a 'RAG Status' against each. Completed actions are signed off by the Board.
- The focus of the improvement plan is to put in place a sustainable approach enabling CYPS to meet aspirational objectives and provide a continuous improvement cycle to enable movement to become a child centred borough with outstanding services.

3.3.2 CYPS Improvement Plan Governance

- As previously reported to the Audit Committee on the 22nd July 2015, the governance of the CYPS Plan is through Children's Improvement Board which meets monthly. It is chaired by the Children's Commissioner and attended by the Director and Assistant Directors of Children's Services, Chair of RSCB and key partners including health, police and schools.
- A key responsibility of the Children's Improvement Board is to oversee progress through monitoring, challenging and supporting the actions of the Children and Young People's Improvement Plan. The Board considers the areas of greatest risk first, and lays the foundations for effective and sustained improvement. This includes challenging whether sufficient progress is being made, i.e. the right amount of progress in the right direction at the right pace.

3.4 Rotherham Residential Children's Homes

3.4.1 Rotherham Metropolitan Borough Council had five mainstream children's homes until the recent closure of Woodview. Three of these were long-term homes for young people with emotional and behavioural difficulties. The remaining two are for young people with disabilities; one is a long term home and the other a short breaks provision. Current Ofsted ratings for the homes are provided below with an overview provided of the action to be taken to address those homes rated as 'Inadequate'.

- **Silverwood** - Good
- **Cherry Tree (disability)** - Requires Improvement
- **Liberty House (short breaks)** - Good
- **Woodview** –Inadequate closed until further notice.
Subsequent to three Ofsted Inspection Judgements between June and October 2015; the Service Director and Responsible Individual applied to Ofsted for voluntary closure of Woodview. The home had already been judged by Ofsted to be 'declining in effectiveness' when a number of complaints from young people, residential care staff and various other professionals were received during the early months of 2015; highlighting a

number of core concerns directly related to poor leadership and management at Woodview since around 2009 which had resulted in an entrenched negative culture within the home. Staff remain at their home and are not required to report for work, pending a formal investigation commissioned by the Strategic Director.

- **St Edmunds – Inadequate**

A detailed Action Plan was submitted to Ofsted following the Inspection which took place on 12 October 15. A further inspection will take place within six to eight weeks when, given robust management action taken, an improvement is anticipated.

3.5 Economic Development Services and Housing & Neighbourhood Services

3.5.1 The external peer health checks programme led by the LGA has commenced and the EDS directorate has received draft reports for the housing and verbal feedback on the transport; highways, waste and planning inspections to date. The final reports, once received, will be used to formally update future Audit Committee reports. These reports are anticipated to be available during November/December 2015.

3.5.2 The EDS directorate has also committed to review current inspection governance arrangements including the stronger practices now implemented in Children & Young People's Services to further strengthen its arrangements for preparing for inspections and responding to their outcomes.

3.6 Finance and Corporate Services

3.6.1 Each year the External Auditor issues a range of reports relating to the work to be undertaken and these are presented to Audit Committee:

- **External Audit Plan** which outlines the audit approach and identifies areas of audit focus and planned procedures.
- **Interim Audit Report** (if required), which details control and process issues and identifies improvements required prior to the issue of the draft financial statements and the year-end audit.
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- Report to those charged with **Governance (ISA260 report)** which:
 - Details the resolution of key audit issues.
 - Communicates adjusted and unadjusted audit differences.
 - Highlights recommendations identified during the audit.
 - Comments on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources (Value for Money).
- **Annual Audit Letter** which summarises the outcomes and key issues arising from the audit work specifically in relation to:
 - Audit of accounts.
 - Value for Money Conclusion.

- Any other matters the external auditor is required to communicate.

3.6.2 Any recommendations made by the External Auditor in relation to issues identified and the management responses to those recommendations are highlighted in the reports presented to Audit Committee. In carrying out the audit work each year the External Auditor examines progress in addressing previous recommendations made and comments on progress within future reports.

3.6.3 There were no recommendations made in relation to the audit of the 2013/14 financial year.

3.6.4 As reported elsewhere on the Committee's agenda three low priority recommendations have been raised within the Report to those charged with Governance (ISA260 report) in relation to the 2014/15 financial year. These have been discussed and agreed with the Auditor and measures have been put in place to address the issues raised. Any recommendations are addressed by Financial Services and signed off at the interim visit by KPMG and then completion reported in the final year-end report.

3.6.5 Each local authority's external auditor is required to certify that the annual claim for reimbursement by the Government of Housing Benefit (a means tested benefit administered by local authorities on behalf of the Department for Work and Pensions (DWP)) is fairly stated and to report any errors/adjustments to the DWP in a covering letter that accompanies the claim.

3.6.6 Whilst the DWP have no formal inspection process it does reserve the right to carry out an inspection if circumstances warrant it, i.e. if a Local Authority's performance causes concern.

3.6.7 KPMG, who carries out the audit on behalf of DWP, checks the financial validity of the subsidy claim and, depending upon their findings, can:

- Where, no errors are found during their audit, certify the claim as fairly stated (i.e. provide an unqualified opinion on the Council's return).
- Where minor errors are found, agree adjustments to the claim with the Council and make no reference to errors in their opinion to the DWP (without qualification).
- For more significant errors, either in process or figures, the external auditor is likely to qualify the opinion on the Council's return and explain the reasons for doing so to the DWP, who will then determine what action, if any, needs to be taken on any points raised by the auditor.

3.6.8 The audit of the Council's 2014/15 claim is underway at present. In previous audits the Council has received only very minor qualifications resulting in amendments being made to the final claim in accordance with the DWP arrangements.

4. Options considered and recommended proposal

- 4.1 Audit Committee consider the detail of the report including Appendix A which provides a high level summary of the current position of inspection recommendations.

5. Consultation

- 5.1 Not applicable to this report.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The timescales for each inspection recommendation differs and is included in Appendix A.

7. Financial and Procurement Implications

- 7.1 There are no financial implications.

8. Legal Implications

- 8.1 There are no legal implications.

9. Human Resources Implications

- 9.1 There are no Human Resources implications.

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 The recommendations in relation to inspections in both Children and Young People's Services and Adult Social Care have direct implications on the quality of services provided to children, young people and vulnerable adults. Completing the recommendations will improve outcomes for these groups.

11. Equalities and Human Rights Implications

- 12.1 Equality Assessments are undertaken in relation to any new policies or strategies that are developed as a result of the work being undertaken to improve services.

12. Implications for Partners and Other Directorates

- 12.1 Partnership approaches are key to improving services, particularly in relation to Children and Young People's Services, the Improvements need to be of a multi-agency nature and owned cross the partnership. The CYPS Improvement Board is made up of senior officers from partner organisations.

13. Risks and Mitigation

- 13.1 There is a risk that actions are reported as completed without substance, it is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes. As governance arrangements are strengthened, these risks become mitigated.

14. Accountable Officer(s)

Ian Thomas – Interim Strategic Director Children and Young People’s Services

Graeme Betts – Interim Strategic Director of Adult Services and Housing.

Karl Battersby – Strategic Director Environment and Development Services.

Approvals Obtained from:-

Stuart Booth, Strategic Director of Finance and Corporate Services

Director of Legal Services: Not Applicable

Head of Procurement (if appropriate): Not Applicable

This report is published on the Council's website or can be found at:

<http://moderngov.rotherham.gov.uk/ieDocHome.aspx?Categories>

Summary of Recommendations from “Active” Inspection & Audit action plans

Inspection / Review (date)	External Assessor	Number of recommendations	Implemented at last report	Implemented since last report	Still outstanding	Overall Completion Date for Recommendations	STATUS
Corporate							
Corporate “Fresh Start” Improvement Plan	DCLG and DfE	132	18 (26 Aug '15)	15 (2 Nov '15)	99	1 st phase to May 2016 2 nd phase from May 2016 to May 2017	On track – next formal 6 month report to Secretaries on State due by 26 th February 2016
Adult Social Care							
Adult Social Care – Inspection of Treefields Close Learning Disability Respite Service July 2015	CQC	1	0	0	1	Dec 2015	Registration process commenced and sign off by CQC awaited.
Children and Young Peoples Services							
Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board	OFSTED	26	0	0	26	May 2016	Ongoing
Economic Development Services and Housing & Neighbourhood Services							
NIL	n/a	0	0	0	0	n/a	n/a
Finance and Corporate Services							
External Auditor’s Report on the Accounts 2014/15	KPMG	3	0	1	2	Mar 2016	On-going