

Summary Sheet

Council Report:

Audit Committee – 27th April 2016

Title:

External Audit and Inspection Recommendations

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

No

Strategic Director Approving Submission of the Report:

Judith Badger, Strategic Director Finance and Customer Services

Report Author(s):

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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 made in implementing recommendations.

List of Appendices Included:

Appendix A – Summary of Recommendations

Appendix B - Rotherham MBC corporate “Fresh Start” Improvement Plan: Eight Month Progress Update Summary Report, to January 2016

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 was 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 (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"). 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:

3.1.4.1 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

3.1.4.2 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 has been overseen by a "Joint Board" of Commissioners and leading Elected Members (Labour and Opposition Groups), supported by an officer group and coordinators, with links to the Strategic Leadership Team (SLT).

3.1.6 The Joint Board has met on a broadly monthly basis since July 2015, 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 an initial summary progress report based on the Joint Board's governance and performance management arrangements. The Commissioners' 12 month report, submitted to Government² on 26th February included a further performance summary, covering the period to end of January 2016, including headline achievements to date, ongoing risks and a forward look to actions that will need to also feature in "Phase Two". A copy of this performance summary is enclosed at Appendix B to this report for ease of reference.

3.1.7 A final performance summary covering the first full phase of the Improvement Plan will be reported to the Joint Board meeting on 23 May 2016, prior to the

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

² See www.rotherham.gov.uk/homepage/386/commissioners_12_month_progress_review

focus shifting to a refined set of Phase Two improvement actions, which will cover the period from May 2016 to May 2017.

3.2 Adult Care and Housing

3.2.1 The Care Quality Commission (CQC) continue to undertake their programmed inspections of Rotherham MBC Adult Social Care registered providers. Below are the updates since the last report:

3.2.1.1 Treefields Close (Learning Disability Respite Service) was awarded an overall rating of Good following an unannounced inspection on 14th & 15th July 2015. In relation to “Is the service caring”, Treefields was awarded outstanding. There is one, requires improvement action 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 the current acting manager will be interviewed by CQC in early April to enable sign off by the CQC.

3.2.1.2 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 service is now jointly managed with Treefields and formal sign off that the manager has been registered is awaited from CQC pending the interview scheduled for early April.

3.2.1.3 Netherfield Court (intermediate care provider) was awarded an overall rating of Good following an unannounced inspection on 7th & 8th October 2015. There is one, requires improvement action in relation to “Is the service effective”. It was found that the service was effective, although improvements could be made in the way consent was obtained and recorded. Service response to this will be monitored during quality assurance follow ups ahead of next scheduled CQC inspection.

3.2.1.4 Park Hill (Learning Disability Residential care provider). This service was inspected by the CQC on the 10th and 13th November 2015 and was awarded an overall rating of Good. The CQC made no action or enforcement action requirements of the service.

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

3.3.1.1 Following recommendations from the CYPS Improvement Board in March 2016, and following an intense period of change and improvement within Children's Services, the CYPS Improvement Plan is currently under review.

3.3.1.2 The revised Improvement Plan will provide a refocus on the priority actions to ensure they map against all key Ofsted judgements, recommendations, findings and have realistic RAG ratings. In addition the refreshed plan will build on the actions completed to clearly identify and evidence the impact and differences the changes have made to the lives and experiences of the children, young people and families.

3.3.1.3 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.

3.3.1.4 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.

3.3.1.5 The refreshed plan will be live ready for the next Improvement Board in May 2016.

3.3.2 CYPS Improvement Plan Governance

3.3.2.1 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 Rotherham Safeguarding Childrens Board (RSCB) and key partners including health, police and schools.

3.3.2.2 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.

3.3.2.3 A Performance Board will be established from May 2016 which aims to sharpen even further the senior stakeholder oversight of children's services performance. Membership of this Board will the Chief Executive, The Lead Member for Children's Services, the Director of Children's Services and the Independent Chair of the Safeguarding Board in addition to Assistant Directors and Heads of Service from across the Service

3.3.3 Ofsted Improvement Visits

3.3.3.1 Since August 2015 there has been 4 visits from Ofsted as part of their improvement offer and these have looked at the MASH, Duty & Assessment, Child in Need, Child Protection, Leadership, Management & Governance, CSE and missing children. There is a further Ofsted improvement visit planned in April which will focus on Early Help. These are also supplemented by two regional Sector Led Peer Reviews looking at Leadership Management & Governance in June 2016 and Looked After Children and Care Leavers in September 2016.

3.3.3.2 Ofsted improvement visits do not generate a formal published report but verbal and written feedback is received from inspectors. The feedback received was encouraging in respect of improvements in Duty and Assessment, effective responses on CSE with a continued child centred approach to CSE and a robust MASH where the quality of decision making and signposting continues to improve. Feedback from the inspectors also identifies key learning points which included:- the voice of the child needs to be influential at all levels in children's services, children's plans need to routinely include the use of contingency plans and be SMARTer and there are significant challenges in terms of the broader understanding of thresholds.

3.3.3.3 Ofsted have recently consulted on their approach to re-inspecting inadequate children's services, their proposal is to re-inspect no earlier than two years following the publication of the action plan, this for Rotherham was published in February 2015.

3.4 Rotherham Residential Children's Units

3.4.1 Rotherham Metropolitan Borough Council now has 3 children's homes following the closure of Woodview (Closed October 2015) and St Edmunds (Closed January 2016).

A Review of Residential service was completed on the 31/01/2016. The future of the service will be informed by the recommendations from this report which is currently subject to ratification by the senior leadership within RMBC.

3.4.1.1 Cherry Tree House Children's Home is a 5 bed long-term home for young people with Learning Disabilities.

3.4.1.2 Liberty House Short Breaks Children's Home is for young people with disabilities; The Home has 9 beds however staffing capacity dictates the number of young people able to access an overnight short break which is currently at 37. The number of nights a child accesses the home within the month is varied and subject to their assessed needs.

3.4.1.3 Silverwood Children's Home is a 5 bed long-term home for young people with emotional and behavioural difficulties.

3.4.2 The Current Ofsted ratings for the homes are provided below with an overview provided of the action taken regarding the closure of Woodview and St Edmunds Children's Home.

3.4.2.1 Cherry Tree was judged as 'Requires Improvement' on the 18/08/2015; at the Interim Inspection on the 23/03/2016 the Home received a judgement of improved effectiveness.

3.4.2.2 Liberty House was judged as 'Good' on the 27/01/2016; at the Interim Inspection undertaken on the 17/03/2016 the Home received a judgement of sustained effectiveness.

3.4.2.3 Silverwood was judged as 'Good' on the 30/06/2015; at the Interim Inspection undertaken on the 29/02/2016 the Home received a judgement of declined effectiveness.

3.4.2.4 Woodview was judged as 'Inadequate' on the 09/06/2015; 29/07/2015; and 22/09/2015. The Service Director and Responsible Individual applied to Ofsted for voluntary closure of Woodview. The Home closed in October 2015.

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 are currently redeployed within the Leaving Care and Children's Home service following the formal investigation commissioned by the Strategic Director.

3.4.2.5 St Edmunds – was judged as 'Inadequate' on the 12/10/2015 following an Interim judgement on the 22/09/2014 which judged the Home as 'declined in effectiveness'. A detailed Action Plan was submitted to Ofsted following the Inspection which took place on 12 October 2015. A further inspection was due to take place within six to eight weeks when, given robust management action taken, an improvement was anticipated. However the decision to close the Home was made on the 12/01/2016 following a full consultation and the Home closed on the 31/01/2016.

3.5 Regeneration and Environment Services

3.5.1 The external peer health checks programme led by the LGA has commenced and the Directorate had verbal feedback on the transport; highways, waste and planning inspections. These reports, once received, are now being used to formally update future Audit Committee reports and are being included in the Improvement Plans.

3.5.2 The 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:

3.6.1.1 External Audit Plan which outlines the audit approach and identifies areas of audit focus and planned procedures.

3.6.1.2 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.

3.6.1.3 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)

3.6.1.4 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 Three low priority recommendations were 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 housing benefit subsidy claim and, depending upon their findings, can:

3.6.7.1 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).

3.6.7.2 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).

3.6.7.3 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 was completed on the 10th November 2015. As in previous audits, the Council 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

11.1 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)

- Graeme Betts – Interim Strategic Director of Adult Care and Housing
- Ian Thomas – Strategic Director Children and Young People's Services
- Caroline Bruce – Interim Strategic Director Regeneration and Environment Services

Approvals Obtained from:-

- Judith Badger, Strategic Director Finance and Customer Services

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