

## Summary Sheet

### Council Report:

Audit Committee – 23<sup>rd</sup> November 2016

### Title:

External Audit and Inspection Recommendations

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

No

### Approving Submission of the Report:

Shokat Lal, Assistant Chief Executive

### 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 made in implementing recommendations.

**List of Appendices Included:**

Appendix A – Summary of Recommendations from “Active” Inspection and Audit Action Plans

Appendix B – Ofsted Rotherham Improvement Letter

**Background Papers**

CYPS Improvement Plan

Fresh Start Improvement Plan and Phase Two Action Plan

Ofsted Report published November 2014

**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 22<sup>nd</sup> 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 26<sup>th</sup> 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, which focused on ensuring the Council had in place the basic building blocks 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

During the course of this initial phase the decision-making responsibility for a number of services was returned to the Council from Commissioners in February 2016.

3.1.4.2 The second phase of the plan, from May 2016, now 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' in May 2016. A "Phase Two" action plan was agreed by Commissioners at the end of the first phase in May 2016, and was subsequently endorsed at a public Cabinet and Commissioners Decision Making Meeting on 11<sup>th</sup> July 2016<sup>1</sup>.

3.1.5 In terms of the implementation of the Plan and its governance arrangements, this continues to be overseen by the "Joint Board" of Commissioners and leading Elected Members (Labour and Opposition Groups), with links to the Strategic Leadership Team (SLT) and Assistant Directors.

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<sup>1</sup> See <http://moderngov.rotherham.gov.uk/documents/s106354/Appendix%20-%20Improvement%20Plan%20Phase%202.pdf>

- 3.1.6 The Joint Board has met on a regular basis since July 2015, to assess progress being made against the improvement actions within the Plan. The first formal review of the Council's improvement progress to Government, submitted on 26<sup>th</sup> August 2015<sup>2</sup>, featured an initial summary progress report based on the Joint Board's governance and performance management arrangements. The Commissioners' 12 month<sup>3</sup> (February 2016) and 18 month (August 2016) progress reports to Government have since included further performance summaries, headline achievements to date, and ongoing risks.
- 3.1.7 The most recent August 2016 (18 month) progress report included the full "Phase Two" action plan and a final performance report on Phase One. This confirmed that 82% of the identified actions (108) in Phase One had been substantively completed; with 18% of the actions (24) identified as areas of focus to be carried forward into Phase Two. The 24 actions carried forward into Phase 2 Plan were a mix of actions that had long-term timescales and/or where the Joint Board had agreed a deferral into the second phase - either because of a reassessment of their implementation timescales (e.g. due to interdependencies with other work-streams); or where delivery had been delayed). These carried-forward actions were integrated within the Phase Two action plan's 20 strategic improvement objectives, underpinned by 99 identified key milestones to assess progress. These 20 objectives and supporting key milestones now form the basis of the Joint Board's consideration through to May 2016.
- 3.1.8 The Commissioners' next progress report to Government will be submitted in November 2016 and is expected to provide an assessment of progress being made with the Phase Two action plan; and to also consider specifically where there may be further service areas at the Council where Commissioners wish to recommend to Secretaries of State that decision-making powers should be restored (i.e. further to those already returned in February 2016).

## **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 (April 2016):

3.2.1.1 Treefields Close (Learning Disability Respite Service) was awarded an overall rating of Good following an unannounced inspection on 14<sup>th</sup> & 15<sup>th</sup> July 2015 and in relation to "Is the service caring", was awarded outstanding. The outstanding recommendation regarding the manager's registration has been completed and confirmed by the CQC in July 2016.

3.2.1.2 Quarry Hill Road (Learning Disability Respite Service). This service was inspected by the CQC on the 11<sup>th</sup> and 20<sup>th</sup> August 2015 and was awarded an overall rating of Good, with one area "Is the service caring" rated as outstanding. No action or enforcement requirements were identified by the

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<sup>2</sup> Available on the Council's website at [www.rotherham.gov.uk/download/downloads/id/2645/commissioners\\_six\\_month\\_progress\\_review\\_-\\_august\\_2015.pdf](http://www.rotherham.gov.uk/download/downloads/id/2645/commissioners_six_month_progress_review_-_august_2015.pdf)

<sup>3</sup> See [www.rotherham.gov.uk/homepage/351/commissioners\\_progress\\_reviews](http://www.rotherham.gov.uk/homepage/351/commissioners_progress_reviews) for copies of all Commissioner progress reports to Government

CQC. The service is now jointly managed with Treefields Close by the same manager and the formal sign off of approval of these arrangements was confirmed in July 2016 when the current manager's registration was finalised.

3.2.1.3 Netherfield Court closed in September 2016 with Lord Hardy Court and Davies Court taking on the role of providing residential intermediate care. Netherfield's last CQC inspection in October 2015 resulted in it being awarded an overall rating of good. One action was recorded with respect to the way consent was obtained and recorded and immediate action was taken to ensure client files recorded this. Staff from Netherfield have been redeployed to Davies Court and Lord Hardy Court and the managers at these two services are aware of the actions taken by Netherfield with respect to the CQC requirements and have adopted them in their own services.

3.2.1.4 Park Hill (Learning Disability Residential care provider). This service was inspected by the CQC on the 10<sup>th</sup> and 13<sup>th</sup> November 2015 and was awarded an overall rating of Good. The CQC made no action or enforcement action requirements of the service. The service is currently managed by the same person who manages Treefields and Quarry Hill and an application has been made with CQC to add the Park Hill location to her registration.

3.2.1.5 Home Enabling was inspected 7<sup>th</sup> July 2016 and was rated as good overall. No actions were recommended.

3.2.1.6 Davies Court (Elderly Residential provider). This service was inspected 24<sup>th</sup> August 2016 and was awarded an overall rating of good although improvements were identified in the recording of its response to service users who have a Deprivation of Liberty Safeguarding (DoLS) in place. The service has undertaken an audit of files to ensure the correct documentation is in place.

3.2.2 Adult Social Care (ASC) has a good compliance record with standards subject to inspection. Governance arrangements remain under on-going review and the ASC Directorates development programme is now subject to the enhanced governance arrangements applied within the Transformation Board which is chaired by Sharon Kemp, RMBC Chief Executive and has member representation from partner agencies and an independent consultant.

3.2.3 Housing Service have had no inspections or recommendations since the last report (April 2016).

### **3.3 Children and Young People's Improvement Plan**

#### **3.3.1 CYPS Improvement Plan**

3.3.1.1 The CYPS Improvement Plan was reviewed in May 2016, following an intense period of change and improvement within Children's Services.

3.3.1.2 The revised Improvement Plan provided a refocus on the priority actions to ensure they mapped against the Ofsted judgements, recommendations, findings and it provided the opportunity to ensure that realistic RAG ratings were noted for each action. In addition, an additional process was added which provided a panel of partners undertaking evidence challenge which formally "signs off" a sample of completed actions.

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 was presented to the Improvement Board in May 2016 and has been the focus of intense discussion at the last four board meetings.

3.3.1.5 A key element to the format of the Improvement Board meetings has been the introduction of "focus on" agenda items which are specific reports/presentations on one theme, the lead officers present to the Board and the challenge is then provided by partners at the Board.

#### **3.3.2 CYPS Improvement Plan Governance**

3.3.2.1 The governance of the CYPS Plan is through Children's Improvement Board which continues to meet monthly. It is now chaired by DCS Practice Improvement Partner, Debbie Barnes and attended by the new Commissioner Patricia Bradwell. Lincolnshire County Council were appointed as Practice Improvement Partners in May following the departure of the former Children's Commissioner, Malcolm Newsam. The Improvement Board is attended by the Director and Assistant Directors of Children's Services, Chair of Rotherham Safeguarding Children's Board (RSCB) and key partners including health, police and schools.

3.3.2.2 The Children's Improvement Board continues 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 was also established in May 2016 which has sharpened even further the senior stakeholder oversight of children's services performance. Membership of this Board is 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. This has enabled the line of sight of key issues within Children's Services to be at the most senior within the Council.

### 3.3.3 Ofsted Improvement and Monitoring Visits

3.3.3.1 Since August 2015 there has been 5 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 and Early Help. These have been supplemented by two regional Sector Led Peer Reviews which looked at Leadership Management & Governance in June 2016 and Looked After Children and Care Leavers in October 2016.

3.3.3.2 As part of Ofsted publishing the framework for re-inspections of those Local Authorities who are found to be Inadequate in the Single Inspection Framework Ofsted announced the new approach of Monitoring Visits. These are along the lines of the improvement visits but are more formal and are subject to a published letter unlike the informal feedback received as part of the Improvement Visits. The first Monitoring Visit in Rotherham took place on the 20<sup>th</sup> and 21<sup>st</sup> October and was around Looked After Children. A draft letter has now been received for a factual accuracy check which summarises the visit and the findings (as per below).

3.3.3.3 Although the previous Ofsted improvement visits did not generate a formal published report a consolidated letter was received in June from the Lead Inspector which summarised the findings ( Appendix B).

3.3.3.4 As part of Ofsted's approach to re-inspecting inadequate children's services, their proposal is to re-inspect around two years following the publication of the action plan, this for Rotherham was published in February 2015. It is likely that there will be four formal monitoring visits before such a re-inspection takes place which is likely to be in the Autumn of 2017.

## 3.4 Rotherham Residential Children's Units

3.4.1 Rotherham Council, as a developing 'Child Centred Borough', has a strong resounding ambition to move away from the legacy of poorly performing services to a position of strength and confidence, which is reflected in the intention of the Children and Young People's Services Directorate to become rated 'outstanding' by 2018. In pursuit of this ambition Rotherham Council has reviewed the care offered across the whole of its residential care services for children and young people.

3.4.2 Rotherham Council's 'Looked After Children and Care Leavers Placement Sufficiency Strategy 2015-2018' identified that too many of Rotherham's children in care live in residential care and that more children need to be placed in a family based setting. To this end, it is the aspiration of the Council to reduce the numbers of children placed in residential care.

3.4.3 On the 6<sup>th</sup> June 2016, a report was presented to the Cabinet and Commissioner Decision Making Meeting where the Commissioner for Social Care approved a targeted consultation with affected stakeholders regarding the proposed closure of Cherry Tree House and Silverwood Children's Residential Care Homes

3.4.4. Silverwood is a children's residential care home that provides long-term care for male and female young people with emotional and behavioural difficulties. Silverwood is currently vacant after the last resident moved out in May 2016. Silverwood has an adjacent building (formerly referred to as the Annex) and, at the time of the Cabinet and Commissioner Decision Making Meeting on 6th June 2016, this was retained pending a review of the needs and circumstances of its two residents, who have now moved on in accordance with their changing needs.

3.4.5 Cherry Tree House is a children's residential care home that provides long-term care for male and female young people with disabilities. Cherry Tree House is currently vacant following the departure of the last resident in August 2016.

3.4.6 No new residents were admitted to either residential home pending the outcome of the Cabinet and Commissioner Decision Making Meeting decision following the conclusion of the consultation process.

3.4.7 Further to the decision made to consult, Rotherham Council has ensured that affected stakeholders have been fully engaged during the consultation period. This commenced on Thursday 9<sup>th</sup> June 2016 and concluded at 12 noon on Friday 29<sup>th</sup> July 2016.

3.4.8 The report submitted to Commissioner Bradwell outlined the robust approach to the consultation and the subsequent outcomes and options based on feedback from a range of key affected stakeholders. This report recommended the following:

3.4.8.1 Consider the outcome of the targeted consultation with affected stakeholders.

3.4.8.2 Approve, in accordance with the options appraisal and giving due regard to the feedback elicited from the consultation, the planned closure of both children's homes by the end of December 2016.

3.4.8.3 The Commissioner accepted these recommendations on the 13th September 2016 and the decision was made to close both Silverwood and Cherry Tree House Children's Home.

3.4.8.4 The staff at both Cherry Tree House and Silverwood are still subject to a 30 day consultation in accordance with RMBC policies and procedures which endeavours to support staff into alternative employment. Following this process the staff concerned were subject to a 90 day notice period.

3.4.9 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. The number of nights a child accesses the home within the month is varied and subject to their assessed needs.

3.4.10 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. Liberty House received a full inspection on the 2<sup>nd</sup> and 3<sup>rd</sup> November 2016 within the current inspection cycle, an aspirational improvement plan has been in place which is expected to take the home from Good to Outstanding, at the time of writing this report has not yet been published.

### **3.5 Regeneration and Environment Services**

3.5.1 Feedback from the LGA peer health checks programme (undertaken in 2015) is being used positively throughout the service to improve performance and quality and deliver service improvement. Within Planning for example, recommendations from the health check have been used to develop a Planning Board approved Improvement Plan which is now being robustly monitored to ensure compliance and deliver business outcomes. All governance arrangements remain under on-going review.

3.5.2 Structures in Waste Management are also being reviewed following feedback and processes used to deliver the service are being reviewed and amended, for example; a meetings structure has been implemented to improve communication throughout the teams.

3.5.3 No further external inspections or audits have been undertaken since the last

### **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 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 were discussed and agreed with the Auditor and measures were put in place to address the issues raised. The recommendations were addressed by Financial Services and signed off by KPMG and reported in their final year-end report. In reporting on the 2015/16 financial year the Auditor confirmed within the ISA260 that “the Authority has implemented all of the recommendations in our ISA260 Report 2014/15”

3.6.4 One medium and one low priority recommendations were raised within the ISA260 Report in relation to the 2015/16 financial year. These have been discussed with the Auditor and measures have been put in place to address the issues raised. Again the Auditor will formally follow up the recommendations next year and report within the ISA260 Report in relation to the 2016/17 financial year.

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 10<sup>th</sup> 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.

3.6.9 The audit of the Council's 2015/16 claim is underway at present and the outcome will be included in the next monitoring report.

#### **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)**

- Anne Marie Lubanski, Strategic Director of Adult Care and Housing
- Damien Wilson, Strategic Director Regeneration and Environment Services
- Ian Thomas, Strategic, Director Children and Young People's Services
- Judith Badger, Strategic Director Finance and Customer Services

### **Approvals Obtained from:-**

- Shokat Lal, Assistant Chief Executive

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