

Summary Sheet

Council Report:

Audit Committee – 21st November 2017

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):

Tracy Blakemore - Quality and Projects Officer, CYPS
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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 from “Active” Inspection and Audit Action Plans

Appendix B: Ofsted Monitoring Visit October 2016

Appendix C: Ofsted Monitoring Visit February 2017

Appendix D: Ofsted Monitoring Visit May 2017

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 has been 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 has been divided into two phases:

3.1.4.1 An initial "transition" phase, from May 2015 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 to May 2017, focused on embedding strong leadership and a new culture following the appointment of key, permanent senior staff and the all-out election in May 2016. A "Phase Two" action plan was agreed by Commissioners at the end of the first phase in May 2016, and endorsed as the second phase of the Improvement Plan at a public Cabinet and Commissioners Decision Making Meeting on 11th July 2016¹.

During the course of the second phase, decision-making responsibility for a number of additional services was returned to the Council from Commissioners.

3.1.5 In terms of the implementation of the Plan and its governance arrangements, this has been 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.

¹ 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 26th August 2015², featured an initial summary progress report based on the Joint Board's governance and performance management arrangements. The Commissioners' subsequent progress reports³ to Government have since included further performance summaries, headline achievements to date, and ongoing risks.
- 3.1.7 The 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 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). The 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 have formed the basis of the Joint Board's consideration through to May 2017 and beyond.
- 3.1.8 The Commissioners' November 2016 progress report provided an assessment of progress made with the Phase Two action plan and identified further service areas where Commissioners recommended to the Secretaries of State that decision-making powers should be restored. The report noted the completion of 27% of 99 actions set out in the plan (milestones below the 20 objectives) which included the new Corporate Plan 2016/17, improved performance reporting, a new Safer Rotherham Partnership Plan, induction for councillors elected in May 2016 and a new Equalities and Diversity Strategy. The report also recommended the return of powers to the Council on nine additional service areas including economic growth, adult social care and audit.
- 3.1.9 The Commissioners February 2017 progress report noted the completion of 48% of the Phase Two actions (as at the end of 2016). The Commissioners May 2017 progress report identified further service areas recommended for return to the Council, namely performance management, waste management, community safety, human resources and asset management. At its meeting on 4th September 2017, the Joint Board noted completion of 87% of the phase two actions which brings the total implementation of Improvement Plan actions since May 2015 to 98%. The few remaining milestones are expected to be complete by the end of 2017.

² Available on the Council's website at www.rotherham.gov.uk/download/downloads/id/2645/commissioners_six_month_progress_review_-_august_2015.pdf

³ See www.rotherham.gov.uk/homepage/351/commissioners_progress_reviews for copies of all Commissioner progress reports to Government

3.2 Adult Care and Housing

3.2.1 The Care Quality Commission (CQC) undertakes programmed inspections of Rotherham MBC Adult Social Care registered providers. The following table details completed inspections and the most recent ratings for the service

Service	Latest Inspection Report	Overall Rating for Service
Lord Hardy Court	1 st February, 2017	Good
Davies Court	28 th September, 2016	Good
Home Enabling (includes Shared lives)	30 th July, 2016	Good
Parkhill Lodge	21 st December, 2015	Good
Quarryhill Resource Centre	7 th July, 2016	Good
Treefields Resource Centre	23 rd August, 2017	Good

3.2.1.1 Lord Hardy Court's last CQC inspection in February 2017 resulted in an overall rating of good, however 2 actions needed to be dealt with by the Council.

- There was no dedicated activity staff or a structured activities programme. Due to staffs workloads activities were not consistently available for people to participate in.

The roles of Dedicated Activity Coordinators were deleted from the service in 2013 and because the action references "dedicated" activity staff it is possible the action may never be deemed to be fully complete. Despite this the Council continues to work extremely hard mitigating the impact of this change on customers using the facility. Since the steps already taken and reported in April 2017, which included creating an accessible gardening feature for residents and developing individual activity plans for residents with dementia, some further work has been done to improve the service. Staff, proactively encourage residents to become more involved in a wider range of activities like taking part in table top games and attending weekly movement sessions to music, entertainers are also being booked to visit the unit at regular intervals.

- Changes in people's needs had not always been fully incorporated into all care records, and decisions made in people's best interest were not always clearly recorded in their care files. Action was taken to ensure recording in client files were accurately reflecting the up to date position. Follow up quality assurance checks have been scheduled by the service to ensure improvements are being consistently applied.

- Following the inspection in February 2017 care plans were immediately updated to capture the current needs of people using the facility and a robust process was developed to ensure care plans are being updated regularly.

3.2.1.2. Following the previous inspection of Treefields Resource Centre in September 2015 an unannounced inspection also took place on 13th July 2017. The overall assessment of the service published in the final report on August 17 was good and the following comments about the service were made:

- The recommendation from the previous inspection of the service in September 2015 to have registered with the CQC a manager of the service is complete.
- Staff supported people in a caring, sociable and inclusive way. They interacted with people positively, whilst respecting their privacy, preferences and decisions.
- Staff demonstrated a very good knowledge of the people they supported, whilst understanding the need to maintain their independence.

3.2.3 Adult Social Care (ASC) continues to have a good compliance record with standards subject to inspection. Governance arrangements remain and are reported via the ASC Directorates development programme and the Transformation Board which is chaired by Sharon Kemp, RMBC Chief Executive, and has member representation from partner agencies. These arrangements have been further strengthened since June 2017, when additional governance reporting has been put in place in respect to ASC Improvement Plan.

3.2.4 A compliance inspection of housing's Brayshaw Bungalow complex, made by the Homes and Communities Agency (HCA) in October 2016, identified the Council had not obtained written agreement from Mears to accept the contract extension it had offered in the letter sent to them in July 2015. Point 21.2.2 of the contract however states; where performance is exceptional the contract can be automatically extended without written confirmation from either party. Based on the recommendation made by the HCA the Council has however now obtained written confirmation from Mears of its agreement to extend the contract.

3.3 Children and Young People's Improvement Plan

3.3.1 CYPS Improvement Plan

3.3.1.1 The focus of the improvement plan was 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 friendly Rotherham with outstanding services.

3.3.1.2 The 26 recommendations from the OFSTED inspection in 2014 remain in place and "open" 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 along with a re-inspection form Ofsted.

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 6 week. Chaired by DCS Practice Improvement Partner, Debbie Barnes and attended by Commissioner Patricia Bradwell. Lincolnshire County Council were appointed as Practice Improvement Partners in May 2016 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. In addition Practice Partners, Lincolnshire County Council have undertaken five Peer Reviews which looked at Looked After Children in June 2016, the Front Door 'MASH' including Duty and Assessment in November

2016 and SEND in November 2016, Leaving Care in April 2017 and Adoption in July 2017.

3.3.3.2 In addition to the above Ofsted have undertaken three monitoring visits. These are similar to 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. Ofsted have undertaken monitoring visits, the first took place on the 20th and 21st October 2016 and focused on Looked After Children, the second took place on the 9th and 10th February 2017 and focused on the 'Front Door' First Response, Duty and Assessment and Early Help and the third took place on the 3rd and 4th May 2017 and focused on Care Leavers. Ofsted have published a summary of the visits and findings in three letters (Appendix B: Ofsted Monitoring Visit October 2016, Appendix C: Ofsted Monitoring Visit February 2017 and Appendix D: Ofsted Monitoring Visit May 2017).

3.3.4 Ofsted Re-Inspection of Children's Services

3.3.4.1 As part of Ofsted's approach to re-inspecting inadequate children's services, Rotherham's Children's Services are currently subject to re-inspection under the Single Inspection Framework. This commenced on the 6th November and will last 4 weeks until the 30th November 2017.

3.3.4.2 The inspection will evaluate the effectiveness of services for children in need of help and protection; children looked after, care leavers and the efficacy of our adoption processes, including post adoption support. In assessing overall effectiveness, HMI will form a view also about the quality of leadership, management and governance.

3.3.4.3 Full details about the inspection are available in the framework and evaluation schedule for the inspection of services for children in need of help and protection; children looked after and care leavers, available at the following link - [Ofsted SIF](#)

3.3.4.4 The outcome of the Inspection is embargoed until the report is published on the 29th January 2018.

3.4 Liberty House

3.4.1 Liberty House Short Breaks Children's Home is for young people with disabilities; The Home has 9 beds but 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.

3.4.2 Liberty House was judged as 'Good' on the 27/01/2016 and 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 2nd and 3rd November 2016, the outcome of which was that Liberty House was found to be an 'Outstanding' service provision. In the subsequent Interim Inspection this was further upgraded to Outstanding with Improved Effectiveness.

3.5 Regeneration and Environment Services

3.5.1 The Driver and Vehicle Licensing Agency (DVLA) biannually audits the Councils use of its Web Enabled and KADOE (Keeper at Date of Event) Systems. Audits in the current year were carried out in April and September.

3.5.1.1 The April audit confirmed the reason for each vehicle-keeper request made by the Council via the Web Enabled Enquiry Service, identified what evidence was available to support these requests and to see how the vehicle keeper data had been used. This part of the service was rated as green meaning the Council is demonstrating a high level of compliance.

3.5.1.2 The April audit also confirmed the reason for each vehicle-keeper request made by the Council via the KADOE system, identified what evidence was available to support these requests and to see how the vehicle keeper data had been used. This part of the service was rated as green meaning the Council is demonstrating a high level of compliance.

3.5.2 The ground source heat/cooling system at Riverside House was also inspected by the Environment Agency in January 2017.

3.5.2.1 The January inspection recommended, as part of any future upgrades to the heat/cooling system a new volume meter should be installed. No future upgrades to the system however are currently being planned.

3.5.3 A Stock and Security Assurance Review was carried out by the General Passport Office in October 2016. The review examined the Councils security arrangements regarding its receipt, storage and use of secure certificate stock and its arrangements for storing data and the security of and access to registration records.

3.5.3.1 The review determined the service maintained high security in relation to the security arrangements in place. No further recommendations were made and 6 actions that came from the previous review in February 2014 were accepted as complete.

3.5.4 The Registration Service is required to submit an annual performance report to the Registrar General.

3.5.4.1. The General Register Office Compliance & Performance Unit has acknowledged that for the year 2016/17 Rotherham Registration Service was compliant in the following assessed areas:

- Customer Engagement
- Public Protection and Counter Fraud
- Statutory service delivery standards
- Operational service delivery standards
- Service Development
- Business Continuity
- Service delivery plan 2017/18.

3.6 Finance and Customer 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 The External Auditor's 2016/17 ISA 260 Report, which was presented to Audit Committee on 19th September 2017, anticipated the issuing of an unqualified audit opinion on the 2016/17 financial statements. The unqualified opinion was subsequently issued to the Council on 26th September 2017.

3.6.3 The ISA 260 report also provided an unqualified opinion on the Value for Money conclusion. The unqualified opinion confirms that the Council has made proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

3.6.4 The Annual Audit Letter summarising the outcome from the External Audit work in relation to the 2016/17 financial year was issued to the Council on 31st October 2017 and is included on this Audit Committee agenda.

3.6.5 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.

3.6.6 There are no outstanding recommendations from 2015/16 or earlier.

3.6.7 With regard to 2016/17, four medium and one low priority recommendations were raised within the 2016/17 ISA 260 Report.

3.6.8 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.

3.6.9 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.

3.6.10 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:

3.6.10.1 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).

3.6.10.2 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).

3.6.10.3 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.

3.6.11 The audit of the Council's 2016/17 claim is ongoing and not expected to be finalised until the 30th November. However, as in previous audits, it is expected that the Council will only receive very minor qualifications resulting in amendments being made to the final claim in accordance with the DWP arrangements.

3.6.12 The start date of the audit for the financial year 2017/2018 has yet to be agreed.

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:-

Judith Badger, Strategic Director, Finance and Customer Services

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