

Summary Sheet

Council Report:

Audit Committee – 18th June 2019

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:

Shokat Lal – Assistant Chief Executive

Report Author(s):

Simon Dennis, Corporate Risk Manager

Ward(s) Affected:

All

Executive Summary:

In line with the Audit Committee terms of reference, the purpose of this report is to provide details of recent and current external audits and inspections. The report also sets out the details of arrangements that are in place regarding the accountability and governance for implementing recommendations arising from these audits and inspections.

The appendix to the report provides a summary of 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

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

None

Council Approval Required

No

Exempt from the Press and Public

No

Title – External Audit and Inspection Recommendations

1. Background and Corporate Inspections

- 1.1 In line with the Audit Committee terms of reference, the purpose of this report is to provide details of recent and current external audits and inspections. The report covers corporate inspections and peer reviews as well as inspections relating to other functions of the Council.
- 1.2 The final external independent review of the intervention period took place in February 2019 and was reported in March 2019. The review was carried out by the former Commissioners, supported by the Local Government Association and Director of Children’s Services at Lincolnshire County Council. The independent review report stated *‘the pace of improvement across the Council has increased beyond our expectations, which bodes well for future prospects and gives assurance that the council is compliant with the best value duty. The Council has now assumed an air of calm and confidence enabling it to set high ambitions for the future.’* The review made no formal recommendations, however two risks were identified in relation to the delivery of the medium term financial plan and performance targets and work will continue to closely monitor these. The review resulted in the Secretary of State permitting all powers to be returned to the Council on 31 March 2019.
- 1.3 The review demonstrated that the Council had been effective in delivering the “Fresh Start” Improvement Plan, which was the Council’s strategic response to the external Corporate Governance Inspection (CGI) and the Jay and Ofsted reports. The plan was approved in May 2015 and the final phase was fully implemented in May 2018.

2. Adult Care and Housing

- 2.1 The Council has received two further Care Quality Commission (CQC) inspections since the last report. One was in respect of Council provider services at Davies Court and the other in the Home Enabling Service (incorporating “Shared Lives”). Both inspections resulted in **Good** overall ratings and require no improvement actions. No other additional external inspections have taken place since the last report in November 2018, however, a progress update is provided below covering the actions referenced in the relevant CQC inspection reports.
- 2.2 CQC undertakes programmed inspections of the Council’s Adult Social Care registered providers. They undertake these ‘comprehensive’ inspections on a risk based rating frequency (services rated **overall** as **Good** usually within 30 months of the last inspection visit). The table overleaf details completed inspections and the most recent ratings for the service.

Service	Latest Inspection Visit	Overall Rating for Service
Lord Hardy Court	20 th December 2016	Good*
Parkhill Lodge	24 th January 2018	Good*
Davies Court	22 nd January 2019	Good
Home Enabling (includes Shared Lives)	7 th January 2019	Good
Quarryhill Resource Centre	31 st January 2018	Good
Treefields Resource Centre	13 th July 2017	Good
<ul style="list-style-type: none"> * Indicates had some actions requiring improvement under one of the five sub categories referenced within overall rating. 		

Lord Hardy Court

2.3 Lord Hardy Court's last CQC inspection visit was 20th December, 2016 resulted in an overall rating of good. However, 2 actions needed to be addressed by the Council, details of which are set out below:-

- (i) The visit found that there were no structured activities programme or dedicated activity staff. In response, the Council continues to work extremely hard mitigating the impact of the lack of dedicated activity staff on customers using the facility. Staff proactively encourage residents to become more involved in a wider range of activities and dedicated time continues to be built in to staff rotas to ensure that a variety of activities can be offered on a regular basis. There are also a high proportion of Intermediate Care beds at Lord Hardy Court providing therapy led rehabilitation. These residents are preparing to go home and are working to individual plans based around their recuperation.
- (ii) The visit also found that changes in client's needs were not always fully incorporated into all care records, and decisions made in client'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 December 2016 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.

Parkhill Lodge

2.4 Although rated overall as being good some minor recommendations were made about Parkhill Lodge with regard to how well the service was being led; The following actions were identified to help improve the service;

- (i) There were some actions referring to the repair or replacement of building maintenance which had failed to be met within the agreed timescales. The inspectors recognised the reasons for the delay was that consultations were still underway to determine the future plans for the building, however despite this, the inspectors wanted to see some firm indication when actions in the plan would be completed. All identified areas of concern to the inside of the building have now been completed. The home has been redecorated throughout and new furniture purchased for communal areas. This was undertaken within a very short period of time following the inspection. The CQC inspector was informed of the outcome of the works and was satisfied that these have all been completed.

The only outstanding area was the fascia to the outside of the building that needs to have remedial action to remove and replace rotten wood and paint to enhance the look of the building. Due to the significant cost to the Council and the medium to long term plans for the home being to identify other suitable accommodation, it has been decided to postpone this work.

- (ii) The policies and procedures used to deliver the service were last reviewed in 2013 which was identified as a gap. A refresh was required to ensure the service is:
- meeting its statutory requirements in terms of health and safety etc;
 - operating effectively and;
 - is able to capture best practice and learning.

The Service now subscribes to Quality Compliance System which provides a full suite of policies that are CQC compliant and regularly updated. Staff training to enable them to make the best use of the system has taken place; additional IT equipment supplied and ongoing support within each service is being provided to ensure the system is fully utilised.

Davies Court and Home Enabling Services

2.5 Adult Social Care (ASC) continues to have a good compliance record with standards subject to inspection, as reflected in latest two inspections in January 2019 at Davies Court and Home Enabling Services. Governance arrangements remain in place and are updated to reflect necessary changes. This has included:

- Project Assurance Meetings being introduced in 2018, to enhance the governance framework, which subsequently report to the Directorate Leadership Team.
- An evaluation and update of financial procedure
- Medication framework to ensure consistency of practice
- Framework for Moving and Handling training

Housing Inspections

- 2.6 Three of the four recommendations made following Fire Risk Assessments of Housings Hampstead Green, Doncaster Road and Eastwood View flats by South Yorkshire Fire and Rescue Service have been completed. Work to complete the final recommendation by expanding the alarm system, reconfiguring the sounders and installing a sprinkler system at Hampstead Green flats will be started before October 2019 which has been agreed with South Yorkshire Fire and Rescue Service,
- 2.7 Following an external audit by Homes England into one of Housings Cluster Programmes at East Herringthorpe the Council has been notified the scheme complies fully with the policies, procedures and funding conditions of Homes England and no recommendations have been made to take further action.

3. Children and Young People's Services

- 3.1 Ofsted carried out a re-inspection of Children's Services in November 2017 under their Single Inspection Framework.
- 3.2 As previously reported, the findings from the inspection were published on the 29th January 2018. Progress against the eight recommendations from the inspection is managed in the CYPS Improvement Plan and is discussed and challenged as part of the arrangements for the CYPS Performance Board. To date four recommendations have been completed and four are outstanding.
- 3.3 Senior Managers attended our Annual Conversation with HMI Ofsted on the 20th November 2018. This was a formal discussion which included a self-evaluation by Children's Services, where we were asked to critically evaluate our own performance and articulate what we think is working well for children in their area.
- 3.4 This Annual Conversation influenced HMI Ofsted's decision to undertake a focused visit on the 21st March 2019 focusing on Planning and Achieving Permanence (an area which was judged as Requires Improvement at the Inspection in 2017). Although a formal judgement is not given, findings from the inspection were positive with inspectors stating:

"Children looked after by Rotherham Borough Council who need permanence in their lives are receiving a strong service. Progress is evident since the last inspection in 2017, when services for children looked after were judged to require improvement."

A full copy of the report can be accessed on Ofsted's website. The inspection identified 3 key areas for improvement and progress against these is managed in the CYPS Improvement Plan as described in section 3.1 above.

- 3.5 Planning for inspections remains a priority with preparations underway for the following key potential inspections of Children's Services:
- Inspection of Local Authority Children's Services (ILACs)
 - Joint Target Area Inspection with a focus on a 6 monthly rolling theme
 - Special Educational Needs Local Area Inspection

- 3.6 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.
- 3.7 Liberty House received a full inspection in December 2018 by HMI Ofsted, the outcome of which was that Liberty House received a grading of 'Good'. The inspection identified 2 recommendations a full copy of the report can be found on Ofsted's website. An action plan has been developed which identifies actions to address these recommendations.
- 3.8 In accordance with Children's Homes standards and regulations, Liberty House has monthly visits from an independent visitor. These are externally commissioned to ensure independence and objectivity. The reports are sent monthly to HMI Ofsted.

4. Regeneration and Environment Services

- 4.1 The ground source heat/cooling system at Riverside House was inspected by the Environment Agency in January 2017.
- 4.2 The recommendation was for a new volume meter to be installed if there are any future upgrades to the system. However the recommended works make no operational or compliance difference as the information required can be calculated without the additional cost of an extra meter.
- 4.3 When an upgrade or replacement becomes due then this recommendation will be considered at that time, however this is not planned in the foreseeable future.

5. Finance and Customer Services

- 5.1 Each year the Council's 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 which details control and process issues and identifies improvements required prior to the issue of the draft financial statements and the year-end audit.
 - 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
- 5.2 The External Auditor's 2017/18 ISA 260 Report was presented to the Audit Committee on 30th July 2018 and anticipated the issuing of an unqualified audit opinion on the 2017/18 financial statements. The unqualified opinion was subsequently issued to the Council on 31st July 2018.
- 5.2 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.
- 5.3 The Annual Audit Letter summarising the outcome from the External Audit work in relation to the 2017/18 financial year was issued to the Council on 31st August 2018 and was considered by the Audit Committee at its meeting on 27th November 2018.
- 5.4 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.
- 5.5 The 2017/18 ISA 260 Report contained six medium and two low priority recommendations which have all been implemented. There are no outstanding external audit recommendations from earlier years.
- 5.6 In addition, 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 or adjustments to the DWP in a covering letter that accompanies the claim. 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.
- 5.7 The Council's external auditors carry out an annual audit of the claim behalf of DWP. As part of their work they check 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.

5.4 The audit of the Council's 2017/18 Housing Benefit claim was finalised in November 2018 with only minor adjustments being made to the claim. The audit of the Council's 2018/19 Housing Benefit claim will be undertaken by Grant Thornton between June 2019 and November 2019.

6. Options considered and recommended proposal

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

7. Consultation

7.1 Not applicable to this report.

8. Timetable and Accountability for Implementing this Decision

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

9. Financial and Procurement Implications

9.1 There are no financial and procurement implications.

10. Legal Implications

10.1 There are no direct legal implications arising from the recommendations within this report.

11. Human Resources Implications

11.1 There are no Human Resources implications.

12. Implications for Children and Young People and Vulnerable Adults

12.1 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.

13. Equalities and Human Rights Implications

13.1 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.

14. Implications for Partners and Other Directorates

14.1 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.

15. Risks and Mitigation

15.1 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.

16. Accountable Officer(s)

- Anne Marie Lubanski, Strategic Director of Adult Care and Housing
- Paul Woodcock, Strategic Director Regeneration and Environment Services
- Jon Stonehouse, 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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