

CORPORATE COMMITTEE

Thursday 25 July 2019 at 6.00 pm

MINUTES

PRESENT: Councillor Anna Birley, Councillor Linda Bray (Substitute), Councillor Pete Elliott (Substitute), Councillor Adrian Garden (Chair) and Councillor Jackie Meldrum

APOLOGIES: Councillor Scott Ainslie and Councillor Peter Ely

1. DECLARATION OF PECUNIARY INTERESTS

There were no declarations of interest.

2. MINUTES

RESOLVED: That the minutes of the meeting dated 21 March 2019 be approved and signed as a correct record of proceedings.

3. WORK PROGRAMME

In discussion it was noted that there was continuing delay on some of the actions and this required improvement; with the following updates provided at the meeting:

- Actions 2 and 3 (agenda pack, page 17) would complete by the next meeting (26 September 2019).
- To add *fire safety* and *Homes for Lambeth* (HfL) to future challenge sessions, with programme management also noted.
- An HfL audit was planned for 2019/20 and a review of the Council's oversight was underway.
- The action log would be amended to include a summary of completed items and completion dates would be updated.
- Corporate carbon reduction had been audited over the last seven years and had been brought to this meeting, although officers would review further monitoring of associated activity and carbon output.

RESOLVED:

1. To note the Corporate Committee's work programme for 2019/20.
2. To note the Corporate Committee's actions monitoring log.

4. STATEMENT OF ACCOUNTS 2018/19 AND ANNUAL EXTERNAL AUDIT

Karen Murray, Director Mazars; Stuart Frith, Senior Manager Mazars; Christina Thompson, Acting Strategic Director for Finance and Investment; and, Nisar Visram, Assistant Director of Finance,

introduced the report and in response to questions from Committee members noted:

- Karen Murray, Director Mazars, was responsible for signing-off the audit opinion and had provided an unqualified opinion of accounts (second agenda dispatch, page 9). Mazars were awaiting the confirmation of one school bank account, expected in advance of the statutory deadline, but was the only outstanding piece of work, with all else approved.
- Assurances were obtained in respect of all risks identified (second agenda dispatch, pages 10-14).
- Two adjustments had been agreed due to changes of pension liability, from Guaranteed Minimum Pension (GMP) payment equalisation and the McCloud case, but this affected all local authorities.
- The statutory deadline was tight, having been shortened by two months and it was a challenge to close down such a complex set of accounts, but Mazars highlighted the quality support provided by Lambeth staff in doing so.
- The Value for Money (VfM) conclusion to the accounts was also unqualified following the most recent Children's Services Ofsted report and the internal audit opinion.
- The certificate would remain outstanding as there were a number of questions and objections from members of the public, which had to be reviewed before this could be issued.
- The Whole of Government Accounts (WGA) audit needed to be completed, but was not due until September.
- The report had only been provided with three days' notice due to late adjustments and was also late last year, but the draft accounts had been published online at the end of May and were substantially unchanged since then. Unfortunately the adjustments required that caused the delay were not in Lambeth's control, although the Committee would be provided with draft accounts in advance in future.
- Corporate Committee meeting dates would be reviewed to ease issues with the agenda dispatch.
- The draft accounts previously circulated did not include the pension adjustments made over the last week and this document reflected all changes, whilst tabled reports did not alter the outturn.
- The summary of misstatements (second agenda dispatch, page 16) was in respect of pension liabilities and reserve.
- The implication of not signing off the accounts would mean that Lambeth did not get its audit opinion signed off by the statutory deadline and would be blacklisted, with further scrutiny on the Council and questions raised about its ability to publish within timescales.
- The external auditors had considered the accounts and accepted all adjustments, and the revised figures were only included for completeness and would be published online.
- The auditors were satisfied that no material considerations had arisen from public objections.
- Officers were content to discuss issues flagged by the public with them separately as well as dealing with their objections through routine processes, which was also agreed by the objector present.
- A number of councils had missed the July deadline and this was not necessarily relating to objections received, but by the timeliness issue created by bringing forward the date of publication.

The Chair noted that the accounts had improved to show a non-qualified opinion on VfM, although one Member of the Committee recorded that they were not content to sign-off the accounts.

RESOLVED:

1. To note the Appointed Auditor's ISA260 reports for the Council (Appendix 1) and Pension Fund (Appendix 2).
2. To approve the Statement of Accounts (subject to any minor amendments required), attached as Appendix 3.

5. PUBLIC INSPECTION 2018/19

Christina Thompson, Acting Strategic Director for Finance and Investment; and, Nisar Visram, Assistant Director of Finance, introduced the report as follows:

- The public inspection was a statutory period for electors to ask questions on the statement of accounts for a period of 30 days, which by law must include the first 10 days of June. Lambeth received the same number of queries compared to the six other local authorities benchmarked combined, with an additional four objections and Freedom of Information (Fol) requests still handled at same time.
- Systems were fairly robust at drawing out information, and although queries related to a number of invoices with additional issues of redacting information, they were normally answered fairly rapidly.
- Answering queries required specific skills and involved staff across Finance, however improvements had been made to efficiency, but delays could occur when going out to other areas of the Council for information.
- There were enough resources to deal with questions, however there was no budget to hire additional staff with £5.3m additional savings required over the next three years. The Council utilised staff across Finance to support the process, but the period occurred during the team's busiest time in dealing with the external audit queries within shortened statutory timescales.
- Members welcomed and appreciated 12 citizens inputting into the scrutiny process, but recorded the high number of Fols and asked for information on default public information and work to improve transparency and services themselves. In addition, Members noted that public scrutiny had uncovered significant areas of discrepancies and saved money, with officers pledged to be as supportive and cooperative as possible.
- External auditors would need to review questions before providing an update on objections received.
- The Chartered Institute of Public Finance and Accountancy (CIPFA) was reviewing the readability of the statement of accounts and the publication of financial data, with councils asked to contribute.
- The Acting Director of Finance and Investment would provide further information to Members on transparency and improving data sharing.

RESOLVED:

1. To note the process followed in responding to Public Inspection Queries.
2. To note the Queries raised and the responses provided.

6. TREASURY MANAGEMENT

Nisar Visram, Assistant Director of Finance; Hamant Bharadia, Acting Finance and Property; provided an update on treasury management, noting that:

- The report outlined the treasury management strategy, setting out borrowing requirements to 2020/21, with £40m (£90m less than expected) borrowed over a 50 year period, with a

total loan book of £441m to date.

- Full Council had set a £150m debt cap on HfL borrowing as included in the Business Plan, which was subject to review over a long period.
- Borrowing was profiled on seven projects, taken as and when needed and, overall, schemes would cost more than £150m, which related to debt based on profile of programme of delivery.
- The £90m lower cost up to 2018/19 mainly related to lower borrowing for the Redress Scheme.
- The Budget was set in February and could be remodelled as required to meet expected spend.

RESOLVED:

1. To note the Treasury Management Performance Report for the full financial year to 31 March 2019.

7. INTERNAL AUDIT AND COUNTER FRAUD ANNUAL REPORT

Charlotte Bilsland, Senior Manager PWC; Christina Thompson, Acting Strategic Director for Finance and Investment; Christine Webster, Interim Head of Internal Audit and Counter Fraud; and, Michael O'Reilly, Counter Fraud Manager, introduced the report and responded to questions as below:

- The report provided an overall opinion of 'generally satisfactory with some improvements required' and some areas of weaknesses and non-compliance identified control, governance and risk management.
- 61% of managers had fully implemented agreed actions, improving from last year, with outstanding ones to be carried forward into next year.
- Issues with leavers and payroll overpayments, would be monitored through continuous audit.
- Jessop School not undertaking financial DBS checks related only to one governor and was not counted as a critical risk as it was unlikely to materialise and the governor was resigning, with controls also put in place by the school.
- Issues with purchase cards were administrative; such as lack of evidence of setting up cards, retaining proof of purchase, approval of purchases, and lack of oversight. A consultant has been bought in to review processes.
- Identified issues were passed to the Risk Manager and added to the Risk Register, with future audit work planned to follow up areas where no assurances were identified.
- Members noted that management were not learning lessons needed for improvement, that actions needed to be progressed, and behaviours and efficiencies also needed to be improved, with senior management needing to introduce appropriate controls and further aid for managers.
- Issues were being monitored and were taken to the Council senior official's meeting, Management Board, with the Risk Register and resources concentrated in those areas of risk.
- Officers highlighted that the switch from Oracle12 to Oracle Cloud saw concentration in associated areas to ensure follow-through of processes, and a smooth and successful transition.
- The recent fraud case was picked up by the Department for Work and Pensions' (DWP's) organised fraud team rather than Lambeth's, as they had oversight of claims across the country and this issue had affected a number of other local authorities, and a number of changes had been implemented to improve controls in Lambeth's processes.

- The process of removing leavers from systems was under review, with HR potentially to undertake.

RESOLVED:

1. To receive and consider the Internal Audit and Counter Fraud Annual Report for 2018/19 and the Head of Internal Audit & Counter Fraud's annual opinion on the Council's systems of internal control.

8. ANNUAL GOVERNANCE STATEMENT 2018/19

James Rimmington, Risk Manager, introduced the report, and noted:

- The Annual Governance Statement (AGS) was published alongside the Statement of Accounts and described key governance and internal control processes and evaluations of those processes and benchmarking.
- The AGS had been restructured this year following CIPFA guidance, with governance issues detailed in the agenda pack (pages 90-2).
- The six governance issues included four from the last AGS and two for 2018/19 (Subject Access Requests (SARs) and General Data Protection Regulations (GDPR), and had been picked on those deemed to be significant in consultation with internal audit, Management Board, and performance management.
- The Health and Safety – Housing governance issue had been completed.
- Risk levels were higher than appetite, but performance was not poor, and although SARs were struggling, control measures were in place to improve performance.
- Officers would include adding partners, Citizens' Assemblies, tackling climate change, strengthening partnership arrangements and openness for the next AGS and for this financial year.

RESOLVED:

1. To note the content of the Annual Governance Statement 2018/19 (Appendix A).
2. To note the significant governance issues and updates on previous years' issues (page 8 of AGS).

9. CHILDREN'S SOCIAL CARE - ANNUAL COMPLAINTS

Annie Hudson, Strategic Director for Children's Services; and, Naeema Sarkar, Assistant Director for Quality Assurance; and Alex Kubeyinje, Director for Children's Social Care, introduced this report which was an update from last year, and answered questions as follows:

- The report set out Children's Social Care (CSC) annual complaints from 2018/19, detailing a slight increase in Stage 1 complaints, a decrease in Stage 2, and improved responsiveness.
- No Stage 2 complaints were completed on time as these entailed working with external providers to answer and led to issues with quality, but the Council was seeking to improve.
- The agenda pack, page 123, provided a summary of complaint themes and sources of complaints.
- Learning from complaints (agenda pack, page 147) also noted that procedures on Special Guardian assessment would be imbedded and that persons were properly informed of requirements.
- It was noted that allegations and complaints were often made against local authorities where there was disagreements over custody, but officers operated even-handedly and on

an evidence-basis.

- There had been an improvement in life-quality story work processes through the Director of CSC's ongoing work with business support officers, personal advisers and Finance.
- Officers were pleased to receive and noted that importance of complaints in a service dealing with young and vulnerable people, and stated that the increase was not particularly worrying, but it was important that complaints were responded to correctly.
- Informative posters were electronic and were dispatched to all team managers.
- Team managers and social work forums, in addition to weekly briefing emails, regularly discussed lessons learnt and took a proactive approach to learning from individual cases.
- The complexity of the work meant that CSC needed to enable young people to have a voice and were comfortable to use this voice and have it heard.

Corporate Committee Members noted the excellent report, holding it as a template for what all Council reports should be like, and noted that it was the nature of the CSC business that users would sometimes not be content and would use the complaints process.

RESOLVED:

1. To note attached report and provide comments.

10. CHILDREN'S SOCIAL CARE - RISK MANAGEMENT

During the discussion of this item, the guillotine fell at 8.00pm.

It was MOVED by the Chair, and,

RESOLVED: That in accordance with Standing Order 9.5-9.7, the meeting continue for a further period of up to 30 minutes.

Annie Hudson, Strategic Director for Children's Services; and, Alex Kubeyinje, Director for Children's Social Care introduced this report which was an update from last year, and answered questions as follows:

- CSC was one area of Council business where there were significant risks carried and it was challenging to ensure that practices were managing risks for individual children.
- The adoption service was rated inadequate by Ofsted in a March 2018 sub-judgment. The recent Ofsted focus visit was clear that significant improvements and progress had been made, and concluded that the authority knew itself well and that robust leadership was in place. A full Ofsted inspection was to take place in two years' time.
- Permanency and work on adolescents at risk were two priority areas of considerable concern.
- There were additional risks on managing budget, with CSC needing £6m annual savings and work was ongoing with Finance, but would also affect placements, accommodation for care leavers and children with disabilities.
- The "Magnificent Seven" improvement priorities were detailed in the agenda pack, page 154.
- Lambeth was not the only local authority which had complex CSC cases and suffered from recruitment problems, with numerous pan-London initiatives and conferences to help alleviate issues.
- The Regional Adoption Agency was a partnership model with Southwark, Wandsworth and Kingston, Merton, Sutton, and Lewisham and helped pool resources, savings delivery and enable timely decisions. Officers were positive about these changes and would cover this in

next year's report.

- Other issues affecting the service included the complexity of youth violence, increasing poverty and the demanding and relentless work for particular teams (e.g. child protection) impacting recruitment, and was why the wellbeing of the workforce was one of the Magnificent Seven priority improvement areas.
- Officers would report back with further data on issues about numbers of children in care compared to other local authorities. It was noted that there were sometimes difference in thresholds for accessing CSC and were kept under review by internal audit.
- Quantitative reporting of issues, such as placements and expenditure, would be improved in future reports, but it was difficult to predict demand and welfare security was expensive. Cases were dealt with individually and were not based on costs of supplying services.
- Officers would continue to address best value and identifying care homes. A recently published report on spending pressures in London in children's services would be circulated to the Committee, but noted that placements in London were very expensive and other boroughs were also struggling to meet budget constraints and ensuring the right placement.
- Feedback into other areas of Council work happened with some issues, such as Serious Youth Violence, and case issues often required cross-Lambeth working. IT was noted that rates of children in temporary accommodation were much higher than outside London.

RESOLVED:

1. To note the contents of this report.

The meeting ended at 8.18 pm

CHAIR
CORPORATE COMMITTEE
Thursday 26 September 2019

Date of Despatch: Friday 2 August 2019

Contact for Enquiries: David Rose

Tel: 020 7926 1037

E-mail: drose@lambeth.gov.uk

Web: www.lambeth.gov.uk

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