

## AUDIT AND PERFORMANCE REVIEW PANEL

TUESDAY, 30 AUGUST 2016

PRESENT: Councillors Paul Brimacombe (Chairman), Dr Lilly Evans, Lynne Jones, Jack Rankin and Adam Smith (Vice-Chairman)

Also in attendance: Darren Gilbert (Director), Duncan Laird (Manager) and Aleksandra Ivockina (Assistant Manager) KPMG LLP (UK)

Officers: Russell O'Keefe, Richard Bunn, Rob Stubbs, Terry Baldwin, Elizabeth Moore and David Cook.

### APOLOGIES

Apologies for absence was received by Councillors Carroll, Saunders and E Wilson. Councillor Collins attended as a substitute.

### DECLARATIONS OF INTEREST

There were no declarations of interest received.

### MINUTES

The Part I minutes of the meeting held on 28<sup>th</sup> June 2016 were approved as a true and correct record.

The Chairman asked for an update on the following matters arising from the minutes:

- Page 6 regarding the new audit process, the Chairman asked if consideration had been given to the suggestion of introducing a KPI on the number of managers that challenged a grading that was less than 1.
- Page 6 – Had appropriate strategic directors investigated why action plans had not been signed off by managers.
- Page 6 - Cllr E Wilson raised concern about a garage owner and if action should have been taken; had this been followed up.

(Cllr Dr Evans and Russell O'Keefe joined the meeting.)

### AUDIT MEMO - ISA 260 REPORT

Darren Gilbert (Director), Duncan Laird (Manager) and Aleksandra Ivockina (Assistant Manager) KPMG LLP (UK) attended the meeting to introduce the External Audit (ISA 260) Report 2015/16.

The Panel were informed that the report was required to be presented to the Council prior to the Audited Accounts being signed. The report summarised the key findings arising from the Authority's 2015/16 financial statements (and those of the Local Government Pension Scheme) and the value for money conclusion.

Page 6 of the report showed the audit headlines and the Panel were informed that KPMG anticipated issuing an unqualified audit opinion on the Authority's financial statements and to the to the Berkshire Pension Fund's financial statements by 30 September 2016. It was noted that they had yet to receive the Fund's annual report at the time of the meeting.

The audit had not identified any material audit adjustments to either the Authority's or the Pension Fund's financial statements. The Panel were informed that the audit had raised one recommendation in 2015/16 relating to the methodology used by the actuary to calculate the value of the longevity hedge in the Pension Fund's financial statements.

The Panel were informed that the following key financial statements audit risks had been identified:

- Accounting for the Better Care Fund.
- Valuation of the longevity hedge.
- Management override of controls.

The Chairman informed that an unqualified audit opinion was a good result as there was no significant issues that needed to be brought to the authorities attention.

It was noted that last year a local elector had raised a query on the accounts; there had been no such queries raised this year. The Panel were also informed that following the closure of the Audit Commission it was the Governments intention to transfer local responsibilities to Councils; this will come into force by 2018/19. Councils had to decide by the 31<sup>st</sup> December 2017 how they were going to proceed, this could be by having their own 'Audit Panel' that must contain independent members and could be co-ordinated jointly with other authorities or private organisations could be procured to do the work. The Chairman requested that the process for RBWM be brought before this Panel.

**Resolved unanimously: that the Panel not the Audit Memo.**

#### RBWM ANNUAL ACCOUNTS (AUDITED)

The Panel considered the report that presented the RBWM's Statement of Accounts that had been audited by KPMG. The report recommended that the Chair of the Audit and Performance Review Panel approved the accounts by signing them before the 30<sup>th</sup> September 2016.

It was mentioned that page 9 of the agenda pack provided a summary of financial data and that it was interesting to note that Council Tax (Collection Fund) made up 26.7% of the authorities income and that Adult Social Care, Children's / Education and Housing Services total 76% of the expenditure.

Page 10 of the report provide an analysis of the Council Tax and the Chairman said this gave an interesting insight in our housing stoke as bands A to C only equated to under 1/5<sup>th</sup> of stock whilst over 1/3<sup>rd</sup> were in bands F,G and H.

Under Net Cost of Services the Chairman asked for clarification on Pay Reward as the original budget showed £605k yet the variance showed £112k. The Panel were informed that the approved estimate was reduced in year to £500k and this was transferred to the services as part of the Pay Reward Scheme, this left the £112k as an underspend. It was agreed that a note to this effect would be added to the accounts.

The Chairman also asked for clarification on usable and unusable reserves. The Panel were informed that the useable funds went to the General Fund ad back out again whilst unusable funds were restricted to specific areas of spend.

The Chairman noted that the level of reserves were lower than previous years and questioned the tolerance levels in place; he mentioned that the administration may be willing to take greater risk on the level of reserves and that being spent via the development and general funds but it was the duty of this Panel to take a more prudent approach when questioning the accounts.

The Chairman asked for a note of caution be added to the minutes that the Development Fund should not be at a level that hinders our reserves ability to cover risks.

Cllr Rankin mentioned that it was right to mention a note of caution but reassured that Cabinet did have a low risk view on the reserves.

Cllr Jones asked if redundancy payments were shown in directorate budget lines and was informed that they were and provision was made for future redundancy payments.

Cllr Smith recommended that the charts on pages 9 and 10 of the report would have benefited from five years of comparative data and recommended that this be added to future reports; the Panel approved this recommendation.

Cllr Smith felt that the note for special expenses on page 13 could be more user friendly and it was agreed that he would send alternative wording to the Chief Accountant. Cllr Rankin mentioned that the pie chart on page 10 Sources of Capital Finance would also benefit from explanation notes being added. The Chairman also recommended that the explanation for the Minimum Revenue Provision on the same page should also be put in plain English.

**Resolved unanimously: that the Audit and Performance Review Panel approves the audited accounts, a copy of which is to be signed by the Chairman before the 30th September 2015.**

## TRANSFORMATION PROGRAMME

The Panel considered the report that provided an update on the work being undertaken in meeting the 'Right People and Tools' strand of the Transformation Plan.

To deliver a comprehensive programme that secures the right people and tools within the organisation the Learning and Development function of the council was centralised and the report focused on the work undertaken by this new team.

The Panel were informed that the team had worked to reduce duplication of effort and place a greater focus on the development and use of alternative learning methods, such as eLearning. Some key activities which have been undertaken included:

- Undertaking a training needs analysis.
- Development of a council wide training programme aligned to the strategic priorities and the transformation strategy.
- Increasing the skill set of front line managers through, appraisal training and sickness absence management.
- Development of the workforce leadership knowledge, skill and ability.
- Development of the Senior Leadership Team.

Additional support had also been provided for line managers with courses being run by HR on:

- Absence management.
- Performance management.
- Recruitment.

The Panel were also informed that a 'People Action Plan' had been developed that allowed all actions within HR to be tracked; a copy of the plan was attached as an appendix. The Plan included 42 actions that were key to delivering HR priorities and focused on the results of the 2016 staff survey, the Well Being Strategy and the Organisation Development Strategy.

The budget for 2016/17 to deliver the training identified from the training

needs analysis was £384,300, equating to £369 per FTE, the previous year it was £590,840. This showed the efficiencies identified by reducing duplication and introducing different ways of learning, flexibility had also been introduced to the budget to meet arising needs.

Cllr Jones mentioned that the report highlighted training to be given to help managers through the transformation programme but the IPMR showed that turnover was high and that there was uncertainty in certain service areas and thus skills were required now, it was questioned if we were not addressing the problems quick enough. The Panel were informed that turnover was effected by many factors and not just organisation change, our location meant that the borough often had to compete with London authorities who could offer better pay packages. With regards to change any high performing organisation would be in constant change and there had already been training in place.

Cllr Jones raised concern that some offers were leaving due to the uncertainty in place due to the level of change and recommended that this Panel should review HR data regarding turnover with analysis being split by Directorate. It was agreed that the information would be circulated to the Panel and Cllr Smith also requested that data on leaver be split on pay bands.

Cllr Dr Evans mentioned that the programme seemed to be focused on senior leaders and was informed that training was provided across the organisation but there had been additional focus given to senior management focusing on transformation.

Cllr Dr Evans also questioned why when looking at the financial impact on the budget by service areas spend per FTE varied so much, for example spend in Information Technology Services seemed very high whilst areas such as Governance, Partnerships, Performance and Policy seemed low. The Panel were informed that in certain areas such as planning there was a need for professional qualifications; however it had already been agreed to review the level of spend on ICT training.

Cllr Dr Evans mentioned that she was concerned that there were gaps in skills in certain areas and that any staff looking at the difference in spend across directorates could find it demoralising. She also raised that stress management had been highlighted as an issue in the last two staff surveys but this did not seem to be addressed equally across the organisation.

Cllr Dr Evans also asked if there were any prioritisation on the action plan and was informed that they were looking at the staff survey and prioritising actions there had also been workshops undertaken at a directorate level and 'champions' to provide feedback. With regards to training the Panel were informed that there had been budget allocated to specific training but outside this there was also a range of corporate training.

It was asked if there was any evaluation on the effectiveness of the courses and the Panel were informed that this was undertaken in three stages by reviewing evaluation sheets, assessing line management values / changes and reviewing complaints. There was also assessment of the staff survey.

The Chairman mentioned that the report said the team had reduced duplication and looked at alternative learning methods and asked for examples. The Panel were informed that this had been achieved by centralising training, reviewing ICT training and introducing a more joined up approach for social care training. Officers would add the number of training days to future reports.

The Chairman also mentioned that on page 9, paragraph 2.17 regarding Royal Borough leadership principles that this looked like a new document. The Panel were informed that it was due to be shared with the senior leadership team and was going to Employment Panel; it was agreed that a copy be circulated to this Panel.

With regards to the 80 on demand coaching sessions for senior leaders the Chairman asked how this worked and was informed that managers could book 30 minute on line 1:1 sessions with consultants to coach them through change and their leadership role.

The Chairman mentioned that on page 6 under leadership potential it mentioned that leadership potential had been evaluated but only one individual had been offered the opportunity to get an accredited qualification. The Panel were informed that this had been offered to a manager who had been identified to step into a head of service role and the training cost was subject to a retention agreement.

The Panel were also informed that in areas / posts where it was difficult to recruit to the authority were looking at 'grow your own' with the first group of officers being brought together to be involved in designing the course. The Chairman mentioned that where mentoring was to be used there were cultural barriers that needed to be overcome such as trust from both sides of the process. Cllr Dr Evans mentioned that mentoring should be done across directorate and be removed from performance evaluations.

It was recommended that under Key Implications that these could be aligned to the 42 measures in the action plan, that due dates should be added to the actions and that under Equipped for the Future (page 4) that 'in our sector' be removed from employer of choice.

The Chairman mentioned that moving forward there could be feedback from staff with regards to changing behaviour due to training and that there should be no barriers to exploiting new skills and staff should be encouraged to bring new ideas forward.

**Resolved unanimously: that the Panel note the work done under the Transformation Programme for 'right people and tools'.**

The meeting, which began at 7.00 pm, finished at 8.50 pm

CHAIRMAN.....

DATE.....