

**MINUTES** of the meeting of the **AUDIT & GOVERNANCE COMMITTEE** held at 10.00 am on 2 September 2013 at Ashcombe Suite, County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting.

**Elected Members:**

Mr Nick Harrison (Chairman)  
Mr W D Barker OBE (Vice-Chairman)  
Mr Denis Fuller  
Mr Tim Evans  
Mr Will Forster  
Mr Tim Hall

**Ex-officio Members in attendance**

David Munro, Chairman of the Council and Chairman of the Member Conduct Panel – Items 8 to 16

Cath Edwards, Risk & Governance Manager  
Cheryl Hardman, Committee Manager  
Kevin Kilburn, Deputy Chief Finance Officer  
Sue Lewry-Jones, Chief Internal Auditor  
Sheila Little, Chief Finance Officer (Section 151 Officer)

**43/13 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS [Item 1]**

There were none.

**44/13 MINUTES OF THE PREVIOUS MEETING: 24 JUNE 2013 [Item 2]**

The minutes were agreed as a true and correct record.

**45/13 DECLARATIONS OF INTEREST [Item 3]**

There were none.

**46/13 QUESTIONS AND PETITIONS [Item 4]**

There were none.

**47/13 RECOMMENDATIONS TRACKER [Item 5]**

**Declarations of Interest:**

None.

**Witnesses:**

Kevin Kilburn, Deputy Chief Finance Officer  
Sue Lewry-Jones, Chief Internal Auditor

**Key Points Raised During the Discussion:**

1. In relation to R3/11 (social care debt), the Chairman asked to return to the issue at a future meeting.
2. In relation to R3/12 (Direct Payments), the Chief Internal Auditor confirmed that social care debt is on the Audit Plan for 2013/14.
3. In relation to A55/12 (Finance Dashboard), the Chairman confirmed that the Dashboard was now live and that Members would receive a presentation on this once the system was bedded down. Members queried who the supplier was. The Deputy Chief Finance officer informed the Committee that the implementation partner was itelligence (formerly Blueprint). A number of issues had been resolved through contract negotiations without any additional cost to the authority.
4. In relation to A3/13 (PAMS), a Member queried whether the system was fully working and requested a response to be circulated outside the meeting (**Recommendations tracker ref: A28/13**).

**Actions/Further Information to be Provided:**

The recommendation tracker to be updated to reflect the discussion, as noted above.

**Resolved:**

That the recommendations tracker was noted and the committee agreed to remove pages 27-34 of the tracker as the actions were completed.

**Next Steps:**

None.

**48/13 BABCOCK 4S LIMITED - ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013 [Item 6]**

**Declarations of Interest:**

None.

**Witnesses:**

Steve West, Finance Director (Babcock 4S)

Amanda Fisher, Managing Director (Babcock 4S)

Michelle DeBeer, Finance Manager (Babcock 4S)

Julie Stockdale, Strategic Lead for School Commissioning, Schools & Learning Service

**Key Points Raised During the Discussion:**

1. The Finance Director (Babcock 4S) introduced the report, highlighting significant changes from the previous year: two significant contracts had ended in March 2012 while a new Joint Venture company with Devon County Council had been established on 1 April 2012. As this was not contracted through Babcock 4S, a royalty of £400,000 into 4S was arranged for 2013. This was listed as profit rather than revenue.
2. Members requested clarification of Director's remuneration. The Finance Director (Babcock 4S) stated that three of the Directors were from Babcock 4S and one, Susie Kemp, was an employee of Surrey County Council. None of the directors charged into the company for their time.
3. Members queried the risk associated with the contingent liabilities outlined in the report. The Finance Director (Babcock 4S) assured the Committee that there was benefit to Surrey County Council and Babcock S for the company to participate in Babcock International Group PLC bank facilities through lower interest and servicing charges.
4. The Finance Director (Babcock 4S) confirmed that Surrey County Council was complying with its credit terms.
5. In response to a question, the Finance Director (Babcock 4S) explained that the Teachers' Pension Scheme does not have a balance sheet. Surrey County Council has the same difficulty in identifying its share of the scheme assets and liabilities on a consistent and reasonable basis.
6. Members queried where, with the introduction of Academy schools, did responsibility for school performance lie. The Managing Director (Babcock 4S) responded that neither the Conservative or the Labour parties had been able to answer that satisfactorily. However there is a political mandate to improve outcomes for children and young people and it was expected that local authorities would retain intervention powers.

7. The Managing Director (Babcock 4S) confirmed that Babcock 4S was audited every year and reports on its performance on a monthly basis. The company was open and transparent about what it has to achieve and its performance. It was subject to questioning by the Council's overview and scrutiny committees. The Finance Director (Babcock 4S) explained that there was a statutory basis for providing the information in the Accounts. However, it was not in the company's commercial interest to over-disclose.
8. In response to questions about the impact of schools achieving academy status on trading with Babcock 4S, the Managing Director confirmed that relationships with Surrey schools was good. 98% of Surrey schools bought back services from Babcock 4S and this rate had increased as schools had achieved academy status. Intervention with Academy schools had not yet been tested in Surrey. The Strategic Lead for School Commissioning confirmed that Surrey County Council is also maintaining strong relationships with schools that have converted to academy status via their forums etc.
9. The Committee discussed scrutiny of Babcock 4S performance. A Member confirmed that the Cabinet had scrutinised the Devon County Council Joint Venture when it was being set up.
10. A Member queried the increased profits and asked if the royalties for Surrey County Council would have been the same if a separate commercial vehicle had not been created. The Finance Director (Babcock 4S) explained that the cost of bidding for the Joint Venture contract and therefore the risk on the success of the bid had been borne by Babcock 4S. After one year of operations, the Babcock 4S share of the profits was £259,000 after tax. Another Member pointed out that Devon had wanted a standalone organisation and not to be a subsidiary of the Surrey Joint Venture.
11. Members queried whether the income received from Surrey County Council (listed under Note 24) was entirely from the Council or if the sum combines income from the Council and from the Academy Schools. The Finance Director (Babcock 4S) stated that the sum of £15m encompassed a number of contracts including with schools, which are billed through the Surrey arrangement.
12. Revenue from Babcock Education and Skills Ltd fed directly into Babcock 4S. This includes the revenue from the Waltham Forest and Lewisham contracts. The Waltham Forest contract ended this year.
13. In response to a query about head count and redundancy costs, the Finance Manager (Babcock 4S) explained that the ending of the Waltham Forest and Connexions contracts broadly accounted for the headcount reduction. Waltham Forest was discontinuing non-statutory elements of their contract. Redundancy costs were listed in the 2011/12 accounts. Babcock 4S previously agreed with Surrey County Council to make an annual redundancy provision for non-statutory services.
14. The Chairman asked whether the expansion of Babcock 4S had any financial benefits for Surrey County Council. The Finance Manager (Babcock 4S) informed the Committee that benefits to Surrey County Council from the Devon Joint Venture was two-fold. Firstly, there was the royalty payment of £400,000. Secondly, by scaling up the business outside Surrey, further investment could be made in innovation. The Managing Director (Babcock 4S) informed the Committee savings to Surrey County Council had been quantified in 2009 as £11.3m through efficiencies.

15. The Chairman asked how Babcock 4S deals with whistle blowing through schools. The Managing Director (Babcock 4S) replied that Babcock 4S services have access to the Council's whistle blowing service. Training is provided on financial whistle blowing and two sections of the Finance Manual includes information on whistle blowing. All services understand what needs to happen if there is case of whistle blowing.

**Actions/Further Information to be Provided:**

None

**Resolved:**

That the Babcock 4S Ltd Annual Report and Financial Statements for the year ended 31 March 2013 be noted.

**Next Steps:**

The Audit & Governance Committee to continue to review Babcock 4S Limited's financial statements when available.

**49/13 2012/13 SURREY COUNTY COUNCIL ACCOUNTS AND EXTERNAL AUDIT FINDINGS REPORT [Item 7]**

**Declarations of Interest:**

None.

**Witnesses:**

Kevin Kilburn, Deputy Chief Finance Officer

Sheila Little, Chief Finance Officer

Nikki O'Connor, Finance Manager (Assets, Investment and Accounting)

Andy Mack, Engagement Lead (Grant Thornton)

Kathryn Sharp, Audit Manager (Grant Thornton)

**Key Points Raised During the Discussion:**

1. The Chairman pointed out that the draft accounts had been thoroughly reviewed at the previous Audit & Governance Committee meeting and that this meeting should focus on any changes and the external audit opinion.
2. The Finance Manager (Assets, Investment and Accounting) introduced the report and highlighted key changes. She informed the Committee that the draft Statement of Accounts had been ready and submitted for audit before the end of May. The audit had been substantially complete by the end of July. Due to this, a provisional high level timetable for 2013/14 had been agreed which would allow an audited report to come to Committee before the end of July 2014. Following the audit, six recommendations were made. A number of amendments were made to the draft accounts which do not alter the Council's budget outturn position. It was also pointed out that external audit's final opinion would be issued after a small number of items are signed off by the auditors. Confirmation from one bank of the year-end investment was awaited but the Finance Manager (Assets, Investment and Accounting) was not concerned that there was a problem. With regard to the testing of the Whole of Government Accounts (WGA) and Teachers' Pensions Returns, these were due to be completed next week. The Finance Manager explained that the

Treasury had issued its WGA guidance very late and that this had caused delays across all local authorities.

3. The Chairman queried whether the addition of a post balance sheet event to Note 6 affected the budget for 2013/14. The Finance Manager (Assets, Investment and Accounting) explained that an adjustment for the Council's estimated share of liabilities in relation to refunds of business rates to ratepayers who have successfully appealed against the rateable value of their properties had already been incorporated into the 2013/14 budget. The Deputy Chief Finance Officer confirmed that there were potential liabilities which would be reviewed when setting the 2014/15 budget but that they did not affect the budget for 2013/14.
4. The Finance Manager (Assets, Investment and Accounting) confirmed that all the points raised about the draft Statement of Accounts at the previous meeting of the Audit & Governance Committee had been incorporated in the final papers.
5. The Chief Finance Officer explained to the Committee that the Government was consulting on two options for the new homes bonus. She was working with colleagues to draft a response. While responses to technical consultations do not normally go to Cabinet for approval, the Leader had requested a paper to go to Cabinet collating draft and final responses to ongoing consultations.
6. The Engagement Lead (Grant Thornton) introduced the external audit findings. He thanked the Council officers for their support and informed the Committee that the Statement of Accounts were good and were underpinned by a good set of working papers and strong process. He confirmed that there was a good range of skills in the Council's Finance Team and that the new timetable for 2013/14 for realistic and credible. The Engagement Lead (Grant Thornton) confirmed that the planned audit fee, which included a 40% reduction on previous years, was achieved and no increase in the planned fees was necessary.
7. The Audit Manager (Grant Thornton) informed the Committee that Treasury Guidance had now been received on the Whole of Government Accounts. Testing of the Whole of Government Accounts and Teachers' Pensions Returns would be completed soon and then the final audit opinion would be issued.
8. The Chief Finance Officer highlighted the contributions of the whole Finance Team in getting the accounts completed to a high quality and within such a fast timescale.
9. The Chairman queried whether all the petty cash balances were necessary. The Finance Manager (Assets, Investment and Accounting) responded that accounts were reconciled on a quarterly basis. At the end of the year, a signed certification of the balance is required. The team who has responsibility for collating certifications changed this year so there have been some delays in receiving all account certifications. Seven of the 121 petty cash accounts certifications were outstanding as at the time of the committee meeting.
10. The Chairman questioned the disclosure of Anchor's ability to exploit some of the capacity of care homes as a deferred income liability. The Finance Manager (Assets, Investment and Accounting) assured the Committee that the disclosure was correctly stated.
11. The Chairman congratulated officers for a joined up approach and audit.

*The Committee considered the recommendations for item 7 after consideration of item 8 'Surrey Pension Fund Local Government Pension Scheme Accounts 2012/13 and Grant Thornton Audit Findings for Surrey Pension Fund Report'.*

**Actions/Further Information to be Provided:**

None

**Next Steps:**

The Audit & Governance Committee to approve the audited 2013/14 Statement of Accounts in July 2014.

**50/13 SURREY PENSION FUND LOCAL GOVERNMENT PENSION SCHEME ACCOUNTS 2012/13 AND GRANT THORNTON AUDIT FINDINGS FOR SURREY PENSION FUND REPORT [Item 8]**

**Declarations of Interest:**

None.

**Witnesses:**

Phil Triggs, Strategic Finance Manager – Pension Fund & Treasury

Lynn Clayton, Manager (Grant Thornton)

Andy Mack, Engagement Lead (Grant Thornton)

Kathryn Sharp, Audit Manager (Grant Thornton)

**Key Points Raised During the Discussion:**

1. The Strategic Finance Manager – Pension Fund & Treasury introduced the report and highlighted the key amendments from the draft version.

*David Munro joined the meeting.*

2. The Manager (Grant Thornton) introduced the audit findings for Surrey Pension Fund and highlighted the positive responses from all pension fund managers.
3. A Member suggested that Financial Statement 7 in the Chief Finance Officer's letter (Annex D of the report) was a bold statement and queried how sure the Council was of being able to pay its way over the years. The Strategic Finance Manager – Pension Fund & Treasury stated that an actuarial valuation was being carried out and initial results were expected in October. The probable outcome was that the Surrey Pension Fund would be valued as having a 30% funding gap. It was expected that that a significant impact would be made on the gap over the next 20 years in order to achieve full funding.

**Actions/Further Information to be Provided:**

None

**Resolved:**

- i. That the Committee **APPROVES** the 2012/13 Pension Fund financial statements as attached at Annex A to the report.
- ii. That the Committee notes the Audit Findings for Surrey Pension Fund Report (Annex B to the report).

- iii. That the Committee found no issues to refer to Cabinet in relation to the auditor's conclusion and recommendations.
- iv. That the Committee **AUTHORISES** the Chief Finance Officer to sign the representation letter, as set out in Annex D to the report, on the authority's behalf.

**Next Steps:**

None

*The Committee then returned to item 7 '2012/13 SURREY COUNTY COUNCIL ACCOUNTS AND EXTERNAL AUDIT FINDINGS REPORT'*

The Finance Manager (Assets, Investment and Accounting) informed the Committee that the pension fund accounts as included in the Statement of Accounts had not been updated to allow for the late amendments required by the external auditors but would be updated for the published version.

**Resolved:**

- i. That the Committee **APPROVES** the 2012/13 Statement of Accounts, as attached at Annex A to the report, for publication on the council's website and in a limited number of hard copies.
- ii. That the Committee notes the contents of the 2012/13 Audit Findings Report in Annex B to the report.
- iii. That the Committee **AGREES** the officer response to recommendations of the external auditor, after correcting typographical errors relating to recommendations 1 and 3.
- iv. That the Committee notes the contents of the 2012/13 Audit Findings Report in relation to the Firefighters' Pension Fund in Annex C to the report.
- v. That the Committee notes the Chief Finance Officer's letter of representation, which is attached in Annex D to the report.
- vi. That the Committee found no issues in the Audit Findings Report to refer to the Cabinet.

**51/13 2012/13 FINANCIAL RESILIENCE REPORT [Item 9]**

**Declarations of Interest:**

None.

**Witnesses:**

Guy Clifton, National VfM – Advisory Lead (Grant Thornton)

Sue Lewry-Jones, Chief Internal Auditor

Sheila Little, Chief Finance Officer

**Key Points Raised During the Discussion:**

1. The National VfM – Advisory Lead introduced the report. He informed the Committee that the findings were very positive, with only two categories not rated as green. The 'Adequacy of Planning Assumptions' was rated as amber due to the scale of the challenge facing the Council in terms of the capital programme on schools and the required efficiency savings. This was a situation which was not unique to Surrey. The category 'Understanding the Financial Environment' was also rated as amber because of the ongoing cultural



shift from financial responsibilities being seen as the role of finance to all managers having clear ownership of their financial responsibilities. This requires further embedding.

2. It was suggested by a Member that use of cash flows would help managers to understand their financial responsibilities. The National VfM – Advisory Lead agreed that it was useful to apply ratios to Local Government finances. Applying indicators was a step forward. It can be used to provide context to managers to understand their own budgets and responsibilities but there should not be a need for budget holders to undertake their own cash flow forecasts. The Chief Finance Officer informed the Committee that a cash flow tool is used centrally to monitor how much cash the Council has. The Treasury Management Strategy sets out what to do if cash levels fall below certain levels. It was challenging to communicate that while the organisation may have a large cash balance, these balances are not surplus and are not available for managers. The National VfM – Advisory Lead expressed that all stakeholders had been positive about the Chief Finance Officer's ability to communicate about the financial environment.
3. In response to a query about prediction of future financial resilience, the National VfM – Advisory Lead explained that the Financial Resilience Report used the Audit Commission's criteria for "foreseeable future" which is 12 months from the time of the report.
4. Members expressed surprise about budget holders being given financial responsibility as they had thought that budget holders had always had responsibility for their budgets. The National VfM – Advisory Lead clarified that this point related to a cultural shift so that there is a clear understanding of budget responsibility and training on new financial tools. Managers may have job descriptions that state that they have financial responsibility but that doesn't mean that they are currently fulfilling that responsibility fully in all cases. The Chief Finance Officer agreed that this was a subtle change. While all budget holders have responsibility for their budgets, some are less keen to take that on board and the Finance Team is having to provide support. Budget holders are being encouraged to do more for themselves and part of that is to ensure that they have the right tools, eg the Finance Dashboard.
5. In response to a query about the financial picture looking ahead, the National VfM – Advisory Lead informed the Committee that over the past few years, a worsening financial picture for local authorities had been expected. However, Grant Thornton's first two national reports on local government financial resilience had seen broad improvements in ratings apart from some relating to financial planning. The 'Tipping Point' is a real concern for local authorities, but this point is pushed back as local authorities continue to deliver their budgets. Local Government has proven to be very resilient. Therefore, it is difficult to forecast when the tipping point will arise for authorities, but 2015/16 appears to be a critical year for the sector.
6. A Member asked whether the Council had undertaken any long term financial planning past 2020. The Chief Finance Officer informed the Committee that she had contacted other local authorities and found that no one was planning beyond the medium term of 2015/16.

**Actions/Further Information to be Provided:**

None

**Resolved:**

- i. That the Financial Resilience Report be noted.
- ii. That the officer response to the next steps identified by the external auditor be **AGREED**.

**Next Steps:**

None.

**52/13 RISK MANAGEMENT UPDATE REPORT [Item 10]**

**Declarations of Interest:**

None.

**Witnesses:**

Cath Edwards, Risk & Governance Manager  
Sue Lewry-Jones, Chief Internal Auditor  
Sheila Little, Chief Finance Officer

**Key Points Raised During the Discussion:**

1. The Risk & Governance Manager introduced the interim report which updates the committee on actions completed in relation to the 2013/14 areas of focus in the annual risk report and the position statement management action plan.
2. In response to Member questions, the Risk & Governance Manager confirmed that risk officers now get a monthly report on the position of all service risk registers. Risk registers are also discussed at the Strategic Risk Forum. If risk registers are not being updated, this can be escalated to Corporate Board. All these actions have led to risk registers being in a better position than they had been. The Chief Internal Auditor confirmed that she had been encouraged by the actions that had taken place since the audit of risk management. The Strategic Risk Forum had been re-energised. Internal Audit was looking at how it could further assist the process of risk management.
3. The Chief Finance Officer confirmed that representatives on the Strategic Risk Forum were now at an appropriate level of authority. Previously they had been too far down the officer hierarchy.

**Actions/Further Information to be Provided:**

None

**Resolved:**

That the Committee confirmed that it was satisfied with the risk management arrangements.

**Next Steps:**

None.

## 53/13 LEADERSHIP RISK REGISTER [Item 11]

### Declarations of Interest:

None.

### Witnesses:

Cath Edwards, Risk & Governance Manager

Sheila Little, Chief Finance Officer

### Key Points Raised During the Discussion:

1. The Risk & Governance Manager introduced the report. She explained that the NHS reorganisation risk had been removed but that the new Partnership Working risk (ref. L16) effectively replaced it and took a broader approach. The residual risk level of the IT systems risk (ref. L4) had risen from medium to high. This was mainly due to the UNICORN project taking longer than planned and the consequent risk to service delivery. It is anticipated that the residual risk level would be reduced shortly.
2. Members expressed concern about the NHS reorganisation risk being removed rather than regraded. The reorganisation had only gone through stage one so far. The Risk & Governance Manager reconfirmed that the risk was incorporated within the broader partnership working risk. She also explained that the NHS reorganisation risk was still in the Adults directorate risk register and the Public Health risk register. Members still felt concerned that the partnership working risk was woolly while the NHS reorganisation risk was clearly drawn. The Chief Finance Officer agreed to take the comments on board **(Recommendations tracker ref: A29/13)**.
3. It was suggested that the residual risk level for the Information Governance risk (L11) and the IT systems risk (ref. L4) was too high as the situation was under the Council's control. It was queried whether the rating of the residual risk as high implied that controls were ineffective. The Chief Finance Officer replied that UNICORN was not completely under the Council's control as BT needed to deliver the changes. Corporate Board was keeping risk ref. L4 as a high residual risk until UNICORN is completed. It was expected that Corporate Board would bring down the residual risk level to medium at its next meeting. On information governance, it isn't possible to completely avoid the potential for human error. Corporate Board had therefore decided to set the residual risk level at high. Members argued that the whole point of system controls is to minimise the impact of human error. The Chief Finance Officer stated that even a single error could have a big impact. However, she would raise the point at the next Corporate Board meeting **(Recommendations Tracker ref A30/13)**.

**Actions/Further Information to be Provided:**

None

**Resolved:**

That the Committee noted the Leadership Risk Register.

**Next Steps:**

None.

**54/13 COMPLETED INTERNAL AUDIT REPORTS [Item 12]**

**Declarations of Interest:**

None.

**Witnesses:**

George Atkin, Auditor

Sue Lewry-Jones, Chief Internal Auditor

Diane Mackay, Audit Performance Manager

**Key Points Raised During the Discussion:**

1. The Chief Internal Auditor introduced the report.
2. It was queried whether Internal Audit could focus on the effectiveness of grant funding use. The Chief Internal Auditor agreed to consider auditing local schemes for effectiveness against stated aims and asked Members to highlight any particular schemes for review.
3. Members noted that the Highways contract for Lot5 had been less than successful and that the contractor had recently changed. It was also stated that in the past nine months, several roads had been found not to appear on the county system. The Audit Performance Manager replied that different GIS existed for different purposes. The Council was currently out to tender for an overarching system of mapping. This system would be compatible with any other GIS still running. Once the new system is in place it will be audited.

**Actions/Further Information to be Provided:**

The Chairman to write to the Cabinet Member for Transport, Highways and Environment and to the Chairman of Environment and Transport Select Committee with regard to the number of non-compatible databases **(Recommendations tracker A31/13)**.

**Resolved:**

That the completed Internal Audit reports be noted.

**Next Steps:**

None.

## **55/13 WHISTLE BLOWING UPDATE [Item 13]**

### **Declarations of Interest:**

None.

### **Witnesses:**

Matthew Baker, Deputy Head of HR&OD

Jackie Brazier, Senior HR Advisor – Employee Engagement

Abid Dar, Equality & Diversity Manager

### **Key Points Raised During the Discussion:**

1. The Deputy Head of HR&OD introduced the report. He highlighted that as Expolink had now been contracted to provide a service to Surrey County Council for three years and due to the low number of calls, the service was now costing £100 per month. This was good value for money.
2. Members asked if whistleblowers are monitored to ensure that they attract no recrimination. The Deputy Head of HR&OD responded that all whistleblowers have the capacity to remain anonymous.
3. Members queried whether the reason for the low number of whistleblowers could be because there were no problems. The Deputy Head of HR&OD responded that getting the message out was a continual process. As the Council was a large organisation, there is the potential for problems to occur. The Equality & Diversity Manager stated that successive employee surveys had shown that the number of staff who experience poor behaviour is higher than the number of those who report poor behaviour.
4. The Chairman confirmed that having a process by which staff could whistleblow poor behaviour was important.

### **Actions/Further Information to be Provided:**

None

### **Resolved:**

That the Whistle Blowing Update be noted.

### **Next Steps:**

None.

## **56/13 ETHICAL STANDARDS ANNUAL REVIEW [Item 14]**

### **Declarations of Interest:**

None.

### **Witnesses:**

Rachel Crossley, Democratic Services Lead Manager

### **Key Points Raised During the Discussion:**

1. The Democratic Services Lead Manager introduced the report and confirmed that 37 Members had attended the training on the Code of Conduct on 13 May 2013. This included 16 of the 24 new Members.

2. Members stated that there had been some difficulties in accessing the online system for registering interests. The Democratic Services Lead Manager informed the Committee that there was an issue with some returning Members not knowing their passwords. Once their password was reset, only a small number of Members had ongoing problems. Since the election 80 of the 81 Councillors had published or republished their register of interests which suggests that Members are reviewing their registers. However, if there were any Members who still needed help, Democratic Services was happy to support them.
3. The Chairman of the Council, who is also the Chairman of the Member Conduct Panel, informed the Committee that the new system was working well. The new system avoided creating a bureaucratic solution. He suggested that the Ethical Standards system be reviewed after another year. It would not be possible to review the system yet as the Member Conduct Panel hadn't met since dealing with two complaints inherited from the previous system. Complaints were being dealt with by the Monitoring Officer.
4. The Chief Finance Officer informed the Committee that related party disclosures had been sought earlier this year due to the elections. This had worked well so Finance would continue with the same process.

**Actions/Further Information to be Provided:**

None

**Resolved:**

1. That the Committee noted the report.
2. That the Committee receive an annual report on the operation of the Code of Conduct (**Recommendations tracker A32/13**).
3. That the Committee endorse the Monitoring Officer's view that no further formal training sessions would be required in the next twelve months and that the Monitoring Officer should ensure periodic reminders and guidance to Members are delivered via email starting with a reminder declare gifts and hospitality in the lead up to Christmas (**Recommendations tracker A33/13**).

**Next Steps:**

None.

**57/13 COMPLAINTS PERFORMANCE REPORT FOR 2012/13 [Item 15]**

**Declarations of Interest:**

None.

**Witnesses:**

Jo Diggins, Customer Relations Manager

Mark Irons, Interim Head of Customer Services and Directorate Support

Mona Saad, Children's Rights Manager - Advocacy

**Key Points Raised During the Discussion:**

1. The Interim Head of Customer Services and Directorate Support introduced the report. It was clarified that the compensation figure of £6,694 for 2012/13 was the total approved by the Deputy Leader. A further (single) compensation payment of £6,700 was made by Children, Schools and Families Directorate during this period. As the amount was significant a separate report was sent to Cabinet on 25 September 2012. This was in line with the process at the time. So in summary, the actual amount paid in compensation during 2012/13 was £13,394.
2. An audit of complaints handling was underway. The speed of complaints handling was improving and a new emphasis was being given to the quality of complaints handling. When a complaint is escalated to the next stage, the previous handling of the complaint is reviewed. The Local Government Ombudsman takes a similar approach.
3. The Children's Rights Manager – Advocacy informed the Committee that the Directorate knew and understood that they had lower performance figures for responding to complaints within the ten day timescale. The Directorate has been focussing on quality and they have fewer complaints now escalating to a higher stage.
4. Members queried whether the number of complaints stated for Schools & Learning was the full picture or whether some ended up with other organisations such as a Babcock 4S. The Children's Rights Manager – Advocacy clarified that low recording of complaints for Services for Young People (SYP) is being discussed with SYP senior management in particular to identify methods for capturing complaints being dealt with by commissioned services.
5. Members highlighted the issue of staff in the Contact Centre being unable to pass the complaint on to the appropriate service because people are on leave and do not leave information on who to contact in their absence. This leads to timescales being missed. The Interim Head of Customer Services and Directorate Support agreed that there was a need for cultural change in the services but that Customer Services welcomed the challenge of supporting that change.

**Actions/Further Information to be Provided:**

None

**Resolved:**

- i. That the Committee noted that the full performance information for Schools & Learning and Children's Services will be published later this year.
- ii. That the Committee noted the Council's complaints policy, procedures and annual performance in 2012/13.

**Next Steps:**

None.

**58/13 DATE OF NEXT MEETING [Item 16]**

The date of the next meeting was noted.

Meeting ended at: 1.30 pm

---

**Chairman**