

**BRISTOL CITY COUNCIL**

**MINUTES OF A MEETING OF THE  
AUDIT COMMITTEE  
HELD ON 20<sup>TH</sup> JANUARY 2012 AT 2.00 P.M.**

- P Councillor Weston (in the Chair)
- P Councillor Emmett
- P Councillor Hassell
- P Councillor Kiely
- P Councillor Brain
- A Councillor Hammond
- P Councillor Clark (substitute for Cllr Hammond)
- P Ken Guy – Independent Member
- P Brenda McLennan – Independent Member

Approximately 15 members of public were in attendance.

**AC**

**69.1/12**

**APOLOGIES FOR ABSENCE, SUBSTITUTIONS AND INTRODUCTIONS**

Cllr Hammond had replaced Cllr Clark as a Labour Member on the Audit Committee. For this meeting Cllr Clark was in attendance as a substitute for Cllr Hammond.

**AC**

**70.1/12**

**PUBLIC FORUM**

Chairs Remarks

The Chair thanked everyone for coming and highlighted the following points in relation to the item on Bishop Road School;

- The contents of the report were recognised as being sensitive and the subject matter emotive. The Chair asked that every one present remained civil through the course of the meeting.
- The Audit Committee are here today to hear the results, conclusions and recommendations of the Internal Audit investigation.

- The report being discussed had been originally requested in November 2010 with a preliminary report presented to the Audit Committee in February 2011. It was resolved that a further investigation was needed.
- The Audit Team were requested to provide a report assessing the legal and ethical nature of the additional funding given to Bishop Road School (BRS) in 2009.
- The responsibility of the Audit Committee would be to scrutinise the governance, internal control and the management of risk; to check that processes followed were both legal and robust.
- The Audit Committee members were reminded that the Committee did not have responsibility for employment matters.

The Chair clarified the Exempt Items – Appendix 10 and 11 contained sensitive information. These items could be referred to, but should the Committee request to discuss them in any detail the press and public would be required to leave for the duration of the discussion. This would be clarified by the Chief Internal Auditor (CIA) if the situation arose.

<b>Public Forum Statement Number</b>	<b>Name</b>	<b>Subject</b>
1.	LAPSE (Local Access to Primary School Education)	Additional Funding to Bishop Road School
2.	Kate Hawkey	“
3.	Nicole Arumugam	“
4.	Miles Trower	“

The Chair indicated that each public forum statement author would be allocated three minutes to address the Committee. Members of the Committee confirmed that they had read and considered the public forum statements in advance of the meeting.

**i. Public Forum Statement No. 1**

A representative from LAPSE addressed the Committee and provided back ground to the inception of the pressure group, as detailed in the public forum statement circulated. The representative re-iterated support for the Head Teacher of BRS and expressed gratitude for her work. The Governing Body and other officers supporting the additional class.

**ii. Public Forum Statement No. 2**

There was no requirement to address the Committee.

**iii. Public Forum Statement No. 3**

Nicole Arumugam referred the Committee to the article in the Private Eye Magazine, suggesting the Head Teacher at BRS had endured increased levels of personal stress as a result of the article. Subject to the resolution of the Committee, a request would be made to Private Eye to apologise. Reference was made to the time and money spent on investigating allegations.

**iii. Public Forum Statement No. 4**

Miles Trower highlighted his support for the Internal Audit Report recommendations and reconfirmed that funding had been allocated inline with the policy at the time. Reference was made to the positive impact that the extra class had on the community and the outstanding Ofsted report. Mr Trower thanked the Head Teacher, Bristol City Council (BCC) Officers Kate Campion and Annie Hudson as well as Cllr Claire Campion – Smith. It was suggested that the Head Teacher had been the target of a sustained personal campaign and that the Council should have a duty of care to the School and support staff against such future types of accusations.

**AC**

**71.1/12 DECLARATIONS OF INTEREST**

None

**AC**

**72.1/12 MINUTES – AUDIT COMMITTEE – 11<sup>TH</sup> NOVEMBER 2011**

**RESOLVED - that the minutes of the meeting of the Audit Committee held on 11<sup>th</sup> November 2011 be confirmed as a correct record and signed by the Chair.**

**AC**

**73.1/12 WHIPPING**

None

**AC**

**74.1/12 CHAIR'S BUSINESS**

None

**AC**

**75.1/12**

## **ADDITIONAL FUNDING TO BISHOP ROAD SCHOOL**

The Committee considered a report of the Strategic Director, Corporate Services (agenda item no. 7) setting out the findings of the Internal Audit investigation into the governance issues relating to the decision to take an extra entry form at BRS in 2009 and the associated funding issues.

The CIA introduced the report, highlighting the following salient points;

- The report had taken longer to create than originally envisaged and in part this had been due to a delay in receipt of information from the Senior Leadership Team (LT) at BRS. Additionally, the resources available to the Internal Audit team had reduced and other areas of work were required to continue and had increased – i.e. fraud investigations, police referrals etc.
- There had been more lines of inquiry that required investigation than initially anticipated and full evidence trails did not always exist in support of actions taken. It would not be appropriate for Internal Audit to speculate on the reasons why actions had taken place when there was no evidence available.

The final report contained detailed information related to the Background to the Investigation, Context and Terms of Reference, Finding in relation to the Council's and the School's Involvement, Conclusions in relation to the Council and finally, Recommendations for the Council and the School.

The Audit Committee were invited to ask questions and the following comments were made;

- i. Cllr John Kiely highlighted the report had been requested by the Audit Committee of the previous year, of which he had not been a Member. Cllr Kiely felt that the report reflected the 'depressing' way that Council business took place, referring to the cost to the taxpayer of the Internal Audit investigations. The term *honorarium* had been introduced into the negotiations by BCC and therefore the School had not been at fault.

ii. Cllr Kiely suggested that staff training could be appropriate to ensure these types of mistakes were not replicated. Stronger protocols should be in place and processes should be shorter; the investigation had taken three years to complete. Staff facing allegations (such as those made against the Head Teacher of BRS) should not be made to endure such a lengthy period of uncertainty. The School Governors had agreed terms of the negotiations with BCC and should be responsible for holding the School to account.

The Chair noted that the investigation had only taken 15 months and not three years as previously stated.

iv. Cllr Brain referred to number of complaints and the high level of public interest when the original report had been presented to the Audit Committee. The members of the Audit Committee (2010/11) had agreed that it would be necessary for a further, more detailed report to be presented. Due to a number of factors, including the elections, the process had taken longer than anticipated. Cllr Brain considered it right that public funds had been spent on ensuring that the investigation had been thorough. Both BRS and BCC had made unfortunate judgement calls through the negotiations process, which should be avoided in the future.

v. Cllr Hassell reiterated that the original report and subsequent public interest had warranted a more thorough Audit report, although agreed that the long time scale had been unfortunate. As the Governing Body is responsible for the school, Cllr Hassell requested information on regulatory guidance – i.e “Who guards the guardians?”

vi. a) Craig Bolt, Service Director – Resource, Planning and Performance (RPP) highlighted that the Local Authority’s (LA) influence would be dependent on the relationship to the school. For instance, the LA is responsible for both funding and employment for Community Schools. The LA is responsible for the funding only for Voluntary Aided schools and the LA would be responsible for neither factors in the case of Academies. The level of responsibility would also reflect the power of the LA to intervene directly in the running of a school. The key test for the LA in proposing to exercise its intervention powers would be how the intervention would improve teaching and learning outcomes. BRS had been identified by the Office for Standards in Education (Ofsted) as ‘Outstanding’ and based upon the CIAs findings, BCC would have no grounds for proposing to intervene directly in the running of BRS.

b) The RPP confirmed that the LA had no remit over the role or appointment of the Chair of any Governing Body as this was an office appointed by the Governors of the relevant school. Governing Bodies comprise of a number of categories of governor e.g. staff governors, foundation governors etc. Provision existed for removal of certain categories of governor by the appointing body and then only in specific circumstances, such as the individual concerned being subject to imprisonment, bankruptcy etc. The LA would normally be able to appoint a small number of governors to each Governing Body.

c) The RPP highlighted that the Schools Forum had determined the methodology to allocate additional funding to manage requirements for extra class sizes following the previous report to the Audit Committee.

vii. Cllr Emmett referred to the article in Private Eye, which highlighted changes to minutes taken at BRS Governors meetings. If the school had followed correct procedures for amending meeting minutes the transparency of the decision would not have been questioned.

viii. The CIA confirmed that the Board of Governors at BRS could legally and properly amend the pay and conditions of the LT for reasons of recruitment/retention/ performance. The CIA reiterated that although the term *Honorarium* had been incorrectly applied, the money went into the school budget and the Governing Body had been responsible for allocation.

ix. Cllr Kiely reiterated the previously raised concerns and suggested that future responses should be more proportionate. It was suggested that the concerns should have been addressed by the Local Education Authority (LEA), OFSTED or the police. Lessons should be learnt from this investigation and the processes for future work should be stronger and timescales shorter for the benefit of the employee under investigation. It was requested that an item be added to Audit Work Programme to consider these suggestions, which should include the cost of the investigation to the tax payer.

x. The Chair applauded the school for taking an extra class and accepted that the BRS LT had negotiated a deal most beneficial to the school. The Chair referred the questions posed on page 27, Point 2.3 of the report, considering each individually;

- **Did the Council act inappropriately in offering an honorarium to the School with the intention of it being distributed to the Leadership Team (LT)?**

The Chair agreed that the term *honorarium* had been incorrectly applied but this had been a failure of language, rather than action.

- **Did the Chair of Governors and the Headteacher knowingly accept the offer of a sum of money termed as an honorarium for key member of the LT, that cannot be paid under the School Teachers Pay Terms and Conditions Document (STP&CD)?**

No *honorarium* had been paid. Additional money had been legally added to the budget. Consideration of recruitment and retention was a legitimate act on the part of the Governing Body. The Chair did not feel that the conditions had been intentionally broken.

- **Was the provision of the financial package on offer by the Council fully transparent in the decision making process?**

The Audit investigation had been unable to prove full transparency of the decisions. The Chair of Governors stated that confidentiality had been requested by BCC and some information had not been disclosed to the other Governors. There had been no Audit trail to prove this had been required by BCC.

- **Did members of the School's LT, Headteacher and three senior school staff participate in a vote at a Governing body meeting to take an additional reception class knowing that they could personally benefit?**

Cllr Emmett enquired as to who would be responsible for ensuring correct procedure had been adhered to during School Governor Meetings. The CIA confirmed that Interests should be declared at the beginning of the meeting and the Governing Body should have been privy to all confidential information prior to a vote being taken. The Vote had not been recorded and therefore it was not possible to state who had and had not voted at the meeting. The Senior Solicitor confirmed that the

Governing Body itself would be responsible for ensuring adherence to the relevant Code of Conduct.

- **Whether these actions results in an inappropriate payment of an “honarium” to member of the Schools LT?**

The Chair confirmed that re-banding of the school and changes in pay conditions had taken place legally.

The Chair concluded with the following points;

- The *Honarium* had been inappropriate to offer, but the sum of money agreed had been used in accordance with the rules and regulations;
- The Governing Body had the legal right to re-band the school;
- The breakdown in transparency as a result of changes in meeting minutes should be addressed and information to Governors should be more clearly communicated in the future. However, fundamentally, there was no unlawful act.
- Future BCC investigations should take place in a timely fashion. A process should be established for the public to follow when making a complaint.
- It was noted that an employee under investigation would encounter increased levels of stress over a prolonged periods of time. However, it was acknowledged that there were a number of issues which had caused the delays, including the practical impact of school holidays.
- Concerns over the Declaration of Interest at School Governors meeting would not be in the remit of the Audit Committee to consider. However, clear and explicit guidance should be issued to schools, with an expectation that a copy of this guidance would also be circulated to the Audit Committee.

**RESOLVED - (a) that the investigation and findings be noted;**

**(b) that the recommendations set out in the report be endorsed;**

**(c) that the process for complaints and the ladder of escalation be explicit so that the public and employees are clear of the procedure. This guidance will be circulated to Members of the Audit Committee;**

**(d) that Internal Audit Investigations follow a clear process to ensure outcomes are thorough, cost effective and timely.**

**AC**

**76.1/12**

**DATE OF NEXT MEETING**

**RESOLVED - that the next meeting of the Audit Committee be held on 3<sup>rd</sup> February 2012 at 2.00 p.m.**

(The meeting ended at 3.25 pm)

CHAIR