

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall,
Colliton Park, Dorchester on 21 March 2013.

Present:-

Trevor Jones (Chairman)
David Harris (Vice-Chairman)
Geoffrey Brierley, Derek Burt, Howard Legg and Tim Munro.

Officers:

Robin Taylor (Senior Policy and Performance Manager), Mark Taylor (Head of Internal Audit, Insurance and Risk Management) and Helen Whitby (Principal Democratic Services Officer).

The Following officers attended for certain items, as appropriate:

John Alexander (Policy and Performance Manager), Nicky Beaton (Commissioning Manager), Cyril Loveridge (Capital Programme Manager), Andrew Martin (Head of Dorset Highway Operations), Harry Mears (Associate Partner, KPMG), Sally North-East (Public Relations Manager), John Oldroyd (Manager, KPMG), Helen Owens (Principal Researcher), Richard Pascoe (Head of ICT and Business Transformation), Peter Scarlett (Estate and Asset Manager).

Goodbye

54. The Chairman informed the Committee that Geoffrey Brierley would not be standing for re-election in May 2013. He thanked him for his valuable contribution to the work of the Committee and wished him well for a long and happy retirement.

Apologies for Absence

55. Apologies for absence were received from Colin Jamieson and William Trite.

Code of Conduct

56. There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

Minutes

57. The minutes of the meeting held on 18 February 2013 were confirmed and signed.

Progress on Matters Raised at Previous Meetings

58.1 The Committee considered a report by the Director for Corporate Resources which updated members on progress made following discussions at previous meetings.

Minute 23 – Treasury Management Update

58.2 The Chief Financial Officer was seeking information about other local authorities who ran schemes to support local business from the Association of County Treasurers. A report would be provided for a future meeting of the Committee.

Minute 28 – Staff Profile on Children’s Social work Teams

58.3 Members were concerned that they had not yet received information about sickness absence within Children’s Social Work Teams. They asked that a report be provided for the next meeting.

Minute 41.5 – Roundabout Sponsorship

58.4 The Chairman reported that a meeting with the Director for Environment and the Cabinet Member for Highways and Transportation had been arranged to discuss the concerns.

Minute 41.10 – Dorset Safety Camera Partnership

58.5 The Head of Internal Audit, Insurance and Risk Management had received figures about accident costs and would arrange for these to be emailed to members following the meeting.

External Audit Reports

59.1 The Committee considered a number of reports by KPMG in relation to the Annual Audit Letter 2012/13, the Certification of Grants and Returns 2011/12 and the External Audit Plan 2012/13.

Annual Audit Letter

59.2 The Associate Partner of KPMG stated that the audit fees were in line with the Audit Commission's guidelines. The impact of national negotiations and the reallocation of various contracts across the country meant that Dorset's audit fees had been reduced for 2012/13. KPMG would be carrying out the same level of work, to the same standard for the reduced fees. These fees would not be exceeded unless additional specified work was agreed and undertaken.

Certification of Grants and Returns 2011/12

59.3 The Manager of KPMG stated that an unqualified audit opinion had been given for the Certification of Grants and Returns 2011/12. There had been one minor adjustment as compared to five the previous year.

External Audit Plan 2012/13

59.4 The Associate Partner of KPMG explained that the Plan set out the audit approach for 2012/13 and key risks for the authority.

59.5 The Committee asked that the Cabinet's attention be brought to the Auditor's opinion that finding additional savings of £19.5M during 2013/14 and further sums in 2014/15 and 2015/16 along with continuing demand pressures for Adult Social Care and Children's Services would mean that it would become more and more difficult to deliver savings in a way that secured the longer term financial and operational sustainability of the County Council.

Noted

Treasury Management Update

60.1 The Committee considered a report by the Chief Financial Officer which gave the latest update of Treasury Management activity.

60.2 With regard to the outstanding Icelandic Bank deposits, the Committee noted that 77% of funds deposited with Heritable had already been returned, with latest advice estimating that the County Council will ultimately receive 86-90% of the value of the original deposits in the longer term. To date 47% of Landsbanki deposits had also been received and, as these deposits were deemed to have "preferential creditor status", the full value was anticipated for return. It was however likely to be another 5 years before the remainder of the deposits were returned. The report also referred to the recent downgrading of the United Kingdom's sovereign rating and provided information to confirm compliance with the County Council's treasury management policies.

60.3 In response to a question as to what effect these sums had on the authority's accounts, it was explained that an estimated value of impairment was included in the County Council's accounts and that the anticipated value of returns had already been factored into the Medium Term Financial Strategy.

Noted

Non-Directly Employed Contract Workforce – Quarter 3 2012/13

61.1 The Committee considered a report by the Director for Corporate Resources which set out expenditure on the non-directly employed contract workforce during Quarter 3. The report was to be considered by the Staffing Committee on 27 March 2013.

61.2 Although spend had increased over the first three quarters of 2012/13, it was expected to reduce during the remainder of the year and to be lower than that for the previous year. The report also included summary commentaries from business managers in respect of their use of external resources, and provided examples of monitoring reports available from Comensura, the County Council's neutral vendor of agency staff. It was explained that the process had led to greater awareness and accountability placed with Heads of Service and Managers who received regular information about costs and timescales of agency staff employment. Reports were also routinely provided for the County Management Team and the Staffing Committee for transparency and monitoring purposes.

61.3 In response to questions, members were provided with an explanation of Comensura's role in providing agency staff and confirmation that they received payment for this. Comensura had been appointed following a procurement exercise and rates charged for additional staffing resources were checked against the market at various stages. As the staff were engaged through Comensura, this also limited the County Council's direct employment liabilities. The County Council did, however, need to closely monitor the length of specific engagements, particularly those with the potential to extend beyond 12 weeks, as these would generate additional liabilities.

61.4 One member commented that an organisation like the County Council should be able to use spare capacity to fill absences and that this would be cheaper than employing agency staff. He also drew attention to the fact that some of the report detail indicated that more than half of agency staff were employed for longer than 12 weeks and he questioned whether officers were planning and forecasting realistically.

61.5 The Head of Internal Audit, Insurance and Risk Management explained that usually agency staff were employed for less than 12 weeks. The current reporting system would identify where this period had the potential to be exceeded so that managers were able to decide if this was justified and appropriate.

61.6 Members asked that a separate report be provided for a future meeting on the HR perspectives, liabilities for the County Council and cost implications of employing agency staff for longer than 12 weeks. They also asked to scrutinise the good practice guidance referred to in the report when it was available.

Resolved

62. That a report be provided for a future meeting of the Committee on HR perspectives, liabilities for the County Council and cost implications of employing agency staff for longer than 12 weeks.

Code of Practice on Local Authority Publicity

63.1 The Committee considered a report by the Director for Corporate Resources on the revised Code of Recommended Practice on Local Authority Publicity published in March 2011.

63.2 The Public Relations Manager presented the report and explained that since the new Code had been introduced the Communications Unit had tried to reflect debate at meetings, used Cabinet or local members to comment on particular issues, used "Your Dorset" to promote the role of members in communities and generally tried to reflect all views. Members' details were widely published so they could be contacted by the press, but it was acknowledged that sometimes members chose not to be involved. The media protocol would be reviewed following the elections in May 2013 to reflect changes to the Code. Members' comments would be included in the report to be considered by the Cabinet later in 2013. There would also be a review of the Council's Social Media Policy in 2013/14.

63.3 Members discussed the report in detail. They commented that members had divisions not wards, that local members were still not being contacted about issues in their divisions, that if the County Council was to be seen as member led then the lead member or local member should be quoted and decisions and actions taken by the Council reported. With regard to decisions taken by officers under delegated authority, it was recognised that it would be more appropriate for officers to comment in cases of a technical nature.

63.4 The Public Relations Manager explained that under the Code coverage of any debate had to be even-handed. The general policy was that the appropriate Cabinet member would be quoted unless a matter was of significance to a particular division in which case the local member was contacted too. Officers were only used if factual matters were involved or if a detailed response was required. She asked that members contact the Communications Unit if they were associated with particular activities so that publicity could be arranged.

63.5 Members commented that it was important for members to be quoted to reinforce the fact that decisions were taken by them and not officers, that identification of local members was important, that the Protocol should be implemented fairly, that even in cases where the Cabinet Member had been quoted the local member should be approached as well, that press releases should be sent to the Cabinet Member and local member prior to publication and that Group Leaders should be sent a copy of Your Dorset at the proofing stage.

Resolved

64. That the comments set out in Minute 63.5 above be included in the report on the Code of Practice to be considered by the Cabinet later in 2013.

Budget and Corporate Plan: Draft Refresh 2013-14

65.1 The Committee considered a report by the Chief Executive which presented the Draft Budget and Corporate Plan 2013-14, prior to it being considered by the Cabinet on 3 April 2013.

65.2 The Policy and Performance Manager explained that since their last scrutiny of the Budget and Corporate Plan, various introductory sessions had been added and the budget information checked. Some more introductory information would be included before it was considered by the Cabinet on 3 April 2013 and the County Council in June. Delegated authority would be sought to allow minor textual amendments to be made by the Chief Executive after consultation with the Leader of the Council.

65.3 One member referred to the performance indicator in relation to adult participation in sport and active recreation and asked that this be reviewed to include everyone, not just adults. Some minor textual amendments were suggested.

Resolved

66. That the amendments referred to in Minute 65.3 be actioned.

LGA Peer Challenge

67.1 The Committee considered a report by the Chief Executive which provided information on the Local Government Association's Peer Challenge which would take place in July 2013.

67.2 The Peer Challenge had been arranged for 16-19 July 2013 and would concentrate on corporate leadership and organisational culture. There was no cost as it was part of the core offer included in the subscription to the Local Government Association (LGA). Members noted that a successful peer review of Learning Disability commissioning practices in Adult and Community Services had been undertaken the previous week.

67.3 The Chairman referred to the previous standard practice of including two elected members in peer reviews, one from each of the two leading parties. The Policy and Performance Manager had spoken to the LGA Lead Officer about this and she had confirmed that the composition of the team was flexible and that this matter would therefore be referred to the Leader and Chief Executive.

67.4 One member asked whether the focus of the peer team contradicted the Corporate Plan's reference to provide an efficient and safe road network. He suggested that the words "and reflect the Corporate Plan" be added.

Resolved

68. That the peer challenge team should include two elected members, one from each of the two leading parties.

Asset Management and Capital Programme Update

69.1 The Committee considered a joint report by the Chief Financial Officer and the Director for Environment which provided a quarterly update on progress against the asset management objectives, on progress with the Buildings, Highways, Waste Management and ICT programmes and included an overview of the financial performance of the whole capital programme.

69.2 Following questions asked about Performance Indicators EN07 and EN08 at their meeting on 15 January 2013, members had been provided with a response by email on 13 March 2013. Members asked for various clarifications with regards to this information which officers provided. With regard to EN07, they noted that the Principal Building Manager was attending Directorate Management Teams with a view to identifying officers responsible for the management of buildings and that this task should be completed by April 2013. Members asked that following the elections, the new Committee be provided with a note to say whether this work had been completed.

69.3 With regard to Performance Indicator EN08, the Estate and Asset Manager reported that the target of disposing of 25% of the assets was challenging and unlikely to be achieved by the deadline of 1 April 2015. It did not pose a significant risk because officers expected to be close to the target by this time and would continue this work until completion. Currently 20% of the target had been achieved. He reported that although there was commitment at a high level for asset disposal to be quickened, the County Management Team had issued an instruction that Directorates should identify the properties they needed

to deliver services so that other properties could be released. A strategy was being produced to help achieve the target and this would be considered by the Committee and the Cabinet in due course.

69.4 The Capital Programme Manager presented the report drawing attention to progress on the five Asset Management targets, property disposals, delivery of projects within time, concern about under-investment and the decline in condition of the roads and funding being targeted to best effect, that West Dorset and Weymouth and Portland Borough Councils would be joining the Dorset Waste Partnership (DWP) in April 2013, that the DWP and Bournemouth Borough Council had won funding of £14M to provide a joint Material Recycling Facility and the ICT overview.

69.5 With regard to waste matters, members noted that the land acquisition for the new Household Recycling facility in Bridport was being finalised and the planning application would be submitted once this was achieved. Additional investment required by the Recycle for Dorset service, would not result in additional cost for the County Council other than their revenue funding contribution.

69.6 One member referred to joint working between West Dorset and Weymouth and Portland Borough Councils and asked whether this would lead to shared use of buildings. It was explained that although there were good relationships at officer level and some offices were shared, there remained work to be done in other areas to ensure effective joint working between the two Councils.

69.7 With regard to progress with the Principal Town Review, officers reported that the Local Delivery Group for the West area had made least progress and that local members would be informed if buildings were to be declared surplus to requirement. One member referred to discussions under way with regard to the disposal of Brackenbury Infant School which he had not be included in the report. The Estate and Asset Manager explained that options were currently being explored and that the local member would be informed when proposals for the site were decided.

Noted

Officer role in supporting a recommendation from a Committee which was contrary to the Director's recommendation

70.1 The Committee considered a report by the Director for Corporate Resources which set out current protocols relating to officer advice and elected member decision-making and suggested a change to current practice when the Cabinet considered a recommendation from a Committee which was not in line with the advice from officers.

70.2 Members supported the suggested change to current practice.

Resolved

71. That protocols relating to officer advice and elected member decision-making as set out in the report and that the Monitoring Officer was satisfied that these had been followed in respect of this instance be noted.

Recommended

72. That the Cabinet approve that the Chairman of the relevant Committee and the Local Member be invited to future meetings of the Cabinet where a committee has made recommendations to the Cabinet which are not in line with the advice to them from officers.

Reason for Recommendation

73. To respond the Audit and Scrutiny Committee's concerns.

Terms of Reference of the Joint Scrutiny Review Panel

74.1 The Committee considered the Joint Scrutiny Review Panel's current terms of reference.

74.2 The Senior Policy and Performance Manager explained that following the mothballing of the Dorset Councils Working Together Joint Committee and the cessation of the Dorset Procurement Partnership, it was necessary to consider the future of the Panel.

74.3 The Chairman stated that the Asset Management Plan had still to be scrutinised and there was still work to be undertaken in relation to the scrutiny of the new arrangements for procurement in Dorset.

74.4 Members agreed that the Panel should continue with terms of reference which were amended to reflect the new governance arrangements.

Resolved

75. That the Joint Scrutiny Review Panel continue with amended terms of reference which reflected new governance arrangements.

Corporate Geographical Information Systems (GIS) Strategy 2013-17

76.1 The Committee considered a report by the Director for Environment on the Geographical Information Systems Strategy which set out the aim and objectives for the provision and use of GIS across the County Council and its partners. This report would be considered by the Cabinet on 3 April 2013.

76.2 The Principal Researcher explained that the Cabinet had deferred adoption of the Strategy on 6 March 2013 to bring it to the attention of the Overview Committees and give them the opportunity to comment upon it. The GIS Strategy would provide a consistent and integrated approach to the use and implementation of GIS and spatial data across the organisation, provide some efficiencies and reduce duplication.

76.3 In response to a question, it was explained that district and borough councils, the Police Authority, the Dorset Fire Authority and Health organisations were involved in the partnership which had developed this system.

Resolved

77. That the Geographical Information Systems Strategy be supported.

Work Programme

78.1 The Committee considered its updated work programme and items were added as specified in minutes 58.2, 58.3, 62 and 78.3.

78.2 It was noted that the April 2013 meeting of the Joint Scrutiny Review Panel had been cancelled and that in June the Panel would scrutinise Asset Management and scope the new procurement arrangements.

78.3 In view of continuing concerns about local member involvement as raised earlier in the meeting, members asked that scrutiny of the implications and implementation of the officer/member protocol be added to the work programme for July 2013.

Forward Plan of Key Decisions

79. The Committee received the County Council's Cabinet Forward Plan published on 5 March 2013.

Learning Lessons from Success

80.1 The Committee considered a report by the Chief Executive on the Meeting Future Challenges Programme (MFC) and lessons that could be learnt from the Programme's success to date and those individual elements which had worked well.

80.2 The Chairman explained that the report had been requested following discussion with the previous Chief Executive. Instead of looking at issues where things had not gone well, the report gave the Committee an opportunity to look at how the County Council was delivering a balanced budget despite substantial cuts in Government funding and, in particular, areas where these changes had gone well.

80.3 The Head of ICT and Business Transformation reminded the Committee that the MFC Programme had achieved savings of £46M in the last two years and that further savings would need to be made in the forthcoming years. He thought one of the crucial factors leading to the success of the Programme was managing change as a single programme. This meant that a co-ordinated approach had been taken and understanding and good practice had been shared across the organisation. The focus had been on saving money without affecting services but this could not continue and it would become more challenging to find further savings. Challenge Groups had been established to look at innovative ways of service delivery. The report included details of three case studies and some issues for the Committee to consider.

Domiciliary Care Review

80.4 The Commissioning Manager explained that before the MFC Programme, it had been recognised that a review of domiciliary care commissioning had been needed as there were many providers who charged different rates and a complex brokerage service was in place to find best value and vacancies. The process was costly, inconsistent and poorly monitored. When it was reviewed officers realised that savings could be made and that service users and stakeholders should be involved in developing the strategy and proposals. A framework contract was developed and the number of providers reduced. Information was shared with service users as some had to change providers and options were discussed with them. There was some distress about the process but few complaints were received and the changes were less traumatic than anticipated. Every opportunity had been taken to minimise distress to services users.

80.5 The changes had saved £1M on services with the independent sector over a three year period and were now being bought at reduced costs. Providers had been supported whilst they built capacity to meet the new demand. Service users had been anxious about the changes as some believed they would be forced to move to new providers and there was uncertainty about the independent providers. A relationship with other providers had been maintained as there was a need to support the market to ensure that choice was available for residents. A second tier of providers had been taken on with the ultimate aim of improving capacity. The Commissioning Manager now believed that the target would be achieved in one year instead of the expected three and might be exceeded. The review had started in January 2011, with implementation in April 2012. This had included intensive involvement with providers because they experienced the greatest change.

80.6 With regard to whether the changes in services had any impact on those delivering care, the Commissioning Manager confirmed that an impact assessment had been carried out to ensure that carers were paid a reasonable living wage, not just the minimum wage.

80.7 As this process had been so successful, a member suggested that a summary of how this was achieved should be written so that others could learn from this process. The Commissioning Manager stated that she would think about how transferrable the lessons learned were before sharing her experience with other local authorities. The Head of ICT and Business Transformation added that the Strategic Change Board and Challenge Groups would consider this during their consideration of future options.

Highways and Transportation Review

80.8 The Head of Dorset Highway Operations explained how the Highways and Transport Services were based on a mixed economy approach, with 50% of the highway services provided by private sector partners. A review had been undertaken to reduce costs, bureaucracy and back office in order to protect front line service delivery. There had been a lot of apprehension about the changes as some staff members had been in post for long periods and some resisted change. The review focused on the customer experience. Staff were involved in the process and they identified a lot of the changes made.

80.9 With regard to whether the process had been easy or more difficult, the Head of Dorset Highway Operations explained that the review could have been easier but the necessary savings would not have been reached. The fact the review was complex meant that efforts were concentrated. He thought that the speed of the review meant that the anxiety experienced by staff had been of a shorter duration and that good communication had meant that they were aware of the economic situation and the pressures this placed on the Directorate and Service.

80.10 The Service had involved Dorset Engineering Consultancy, the Dorset Works Organisation and a client function. As a result of the review there was a single programme, with one delivery team who were accountable for the service. Each work stream had a Group Manager who was accountable for the whole team.

80.11 One member asked how staff were motivated to work to a lower standard. The Head of Dorset Highway Operations agreed that it was difficult to keep staff motivated when they were used to solving the public's problems. There was a clear rationale as to why this could not continue, but staff felt constrained that they cannot do what they used to. Now the service just carried out the bare essentials to maintain the highways network.

80.12 With regard to whether this was storing up problems for the future, The Head of Dorset Highway Operations explained that prudential borrowing and Government one-off money had now come to an end and that this was insufficient to maintain the highway network.

80.13 A member commented that he was receiving an increasing number of complaints from members of the public about the condition of roads. The public were unaware of the reasons for changes being made. They did not notice cuts in staffing levels generally but noticed when cuts affected their lives like roads and street lighting did. The Chairman observed that some of the schemes which had delivered little in the way of savings had attracted more public attention than reviews which had secured greater savings. This took up a disproportionate amount of member and officer time and resources.

80.14 The Committee noted that there had been only one compulsory redundancy although many staff had opted for voluntary redundancy. The Head of Dorset Highway Operations explained that it was made clear to staff that they could be retrained to undertake new jobs.

80.15 The Chairman reminded the Committee that the County Council had had a few months in which to make huge savings to deliver a balanced budget. The Senior Policy and Performance Manager added that the Corporate Plan was costed now and would continue to include statements and performance targets to be achieved within the budget.

80.16 The Head of Dorset Highway Operations reminded the Committee that further savings would be required in the years to come and this would be more difficult to identify. The Head of ICT and Business Transformation added that the Challenge Groups would consider how future savings could be made. It was becoming more and more difficult to identify further savings and a change in how services were delivered would be necessary if further savings were to be realised. Members needed to be engaged in this process

80.17 It was explained that previously the service was a cost trading outfit with an emphasis on generating income and maintaining the County Council's fleet. The emphasis had now changed to minimising the down time of the fleet in order to reduce costs for the County Council. If there was capacity after this had been achieved, then other work could be undertaken. The review had had a clear plan and timescale and everyone had been involved in its compilation. The review had consisted of eleven workstreams with two or three being completed per month.

80.18 One member stated that the savings were for no purpose as the maintenance backlog was increasing. The Senior Policy and Performance Manager responded by saying that the challenge was to provide savings whilst ensuring that services were delivered to provide best value for money.

80.19 With regard to the Challenge Groups looking at the whole service, a member suggested that the Policy Development Panel on Roundabout and Other Asset Sponsorship's terms of reference be widened to include Council wide sponsorship.

80.20 It was suggested that any service delivery should be reviewed to assess whether there were different ways of delivering them to provide savings but minimise public upset. The Challenge Groups set up by the Cabinet would consider have a whole authority approach to future savings.

80.21 The Committee agreed the key success factors outlined in section 4 of the report:-

- Management as one programme;
- Officer governance;
- Member governance;
- Reporting;
- Risk management;
- Industrial relations; and
- Applying fresh thinking.

In addition, the chairman summarised the following key lessons:-

- Momentum
- to have limited options
- for efforts to be concentrated
- for transition to be managed
- the ability to move quickly
- the need for staff to be involved in the process
- resistance would be greater if time was taken to introduce changes

- it was important for the drive for change to be supported at a high level with clear targets and deadlines for delivery.

All of these ingredients had led to the County Council being able to set a balanced budget.

80.22 The Chairman referred to concerns the Committee had about the County Council's DES ICT system and how these could be addressed. The Head of Internal Audit, Insurance and Risk Management reminded the Committee that following their previous report to the Committee the County Council's External Auditors, KPMG, would soon be revisiting these issues to seek assurances that the key concerns had been addressed as part of their audit review work. He also reminded them that South West Audit Partnership would be presenting their Audit Plan for 2013/14 to the next meeting of the Committee and assurance could be sought that relevant work would also be included within their review processes.

Noted

Questions

81. No questions were asked by members under Standing Order 20(2).

Meeting duration: 10.00am to 1.45pm