

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall
Colliton Park, Dorchester on 23 July 2013.

Present:-

Trevor Jones (Chairman)
Mike Byatt (Vice-Chairman)
Andrew Cattaway, Deborah Croney,
Lesley Dedman, Ian Gardner, David Harris and Peter Wharf.

Officers:

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), Dave Ayre (Head of Countryside and Business Development), Coirin Duff (Principal Property Manager), Marc Eyre (Corporate Risk Officer), David Hill (Group Audit Manager, South West Audit Partnership), Peter Illsley (Head of Corporate Finance), Peter Jackson (Senior Consultation and Research Officer), Cyril Loveridge (Capital Programme Manager), Matthew Piles (Group Manager), Chris Scally (Joint Commissioning Manager (Civil Society)), Peter Scarlett (Estate and Assets Manager), Sally White (Audit Manager, South West Audit Partnership), Tom Wilkinson (Finance Manager (Treasury and Investments)) and Matthew Williams (Network Control Manager).

(Note: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Audit and Scrutiny Committee to be held on **17 September 2013.**)

Apologies

141. There were no apologies for absence.

Code of Conduct

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

Terms of Reference

143.1 The Committee were reminded that their current terms of reference needed to be updated to reflect current arrangements. The terms of reference were included on the agenda and it was suggested that the wording "in respect of the Local Area Agreement, Community Safety" be deleted.

143.2 The Committee agreed to the proposed amendment as it did not significantly alter the terms of reference.

Resolved

144. That the Committee's updated Terms of Reference be noted.

Minutes

145. The minutes of the meeting held on 11 June 2013 were confirmed and signed subject to minute 124.2 being amended by replacing the word "unable" with the word "unwilling".

Matters Arising**Minute 114.3 – Government Requirements for Data Transparency**

146.1 Members were provided with information on the position of Dorset's unitary and district and borough councils and their compliance with Government requirements for data transparency. The Head of Corporate Finance drew attention to the fact that other local councils were in a similar position to the County Council. No major work would be done with regard to compliance until such time as the Government announced the results of the recent consultation and identified their future requirements.

Minute 118 – Policy Development Panel on Involving Local Members

146.2 The Chairman reported that the Policy Development Panel had met once and a further date had been agreed. He hoped that any recommendations arising from the work of the Panel would be considered by the County Council in November 2013.

Minute 124 – Review of the County Council's Response to the Fire at Lytchett Minster School

146.3 Members were provided with a copy of a letter from the Head of Legal and Democratic Services to the Headteacher of Lytchett Minster School setting out the Committee's concerns about the lack of provision of sprinklers in the replacement building.

Minute 131 – Supporting Local Businesses

146.4 It was reported that the Cabinet had supported the recommendation from the Committee's last meeting and had asked the Environment Overview Committee to set up a Policy Development Panel on Private Sector Business Development.

Progress on Matters Raised at Previous Meetings

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

Noted**Debt Recovery Performance for Year 2012-13**

148.1 The Committee considered a report by the Director for Corporate Resources which presented the annual report on debt recovery.

148.2 The Head of Corporate Finance reported that the total outstanding debt of £7.1M at year end was lower than levels recorded over the previous five years. There had been concern previously about the number of invoices raised at the year end and late payment, but there had been no increase in these levels for 2012/13. In response to a previous request from the Committee, details of the debt recovery process had been included within the report. Attention was drawn to increased billing through the DES system, debts managed outside of DES, improvements made to systems, processes and procedures during 2012/13, and the four targets missed as set out in the Appendix to the report.

148.3 The Committee noted that legal proceedings had been taken regarding the outstanding debt of £536,000 relating to an academy transfer. They asked to be informed of the outcome. The Head of Corporate Finance explained that this debt was the reason why two of the targets had been missed.

148.4 With regard to home care and elderly person home debt and people's ability to pay, it was reported that the position at the year end and start of the current financial year was no worse than previous years. There had been issues with the timing of billing but these were now regularly scheduled and debt had reduced. There would always be an outstanding debt at year end but where bills could not be paid, invoices might be raised and

a charge made against the debtor's property. Further action would be considered if there was any significant increase in debt.

148.5 In response to a question about the use of external agencies to recover debt, it was confirmed that Dorset Procurement had undertaken a tender process for bailiff services for district and borough councils and that the appropriate accreditations would have been required. Further information about this would be provided outside of the meeting.

Resolved

149. That the County Council's debt recovery performance in 2012/13, and the steps being taken to make improvements using the DES system, be noted.

Developing Our Approach to Risk Management

150.1 The Committee considered a report by the Head of Audit, Insurance and Risk Management which set out proposed changes to the report writing and clearance process in order for subject matters to be more transparently risk scored to determine escalation and officer accountability. This process would also highlight areas of significant risk to inform the Committee's forward plan of work.

150.2 Members were reminded that they had considered their contribution to risk management and how existing risk management mechanisms could be used more effectively in January 2013. The proposed changes would enable the County Council's decision making process to become more risk informed and decisions taken in this light. It was recognised that greater transparency could lead the County Council to become more risk averse, but that this is a cultural risk that would need to be managed and monitored. The aim of the proposed changes is to ensure that Committees were better informed about risk and management of it, and this should lead to better outcomes for the organisation. The recent Peer Review findings had referred to the need for the County Council to be more risk aware and less risk averse.

150.3 One member referred to the failure of home to school transport in 2011 where all risks had not been considered at the outset. He was concerned that this situation might recur and asked who would provide this challenge. The Head of Internal Audit, Insurance and Risk Management explained that under the new arrangements officers would be required to declare high risks and proposed mitigation, prompted by assessment against the five impact categories. The report clearance process would provide the necessary challenge. An explanation of how risk would be quantified and what this would mean in practice was given. Identification of risk should influence officers to ensure the ongoing monitoring of the key risks throughout the duration of projects.

150.4 Members highlighted the need for ambition in the organisation's approach to risk and the need for members to be engaged in this process. Risk needed to be identified and managed appropriately and the organisation needed to have the right systems in place to drive it forward and achieve ambition. They questioned whether adequate challenge mechanisms were in place currently.

150.5 Some attention was drawn to the possibility of a proposal not reaching the committee stage if it was not supported by senior officers. Members were concerned that this may limit the opportunity to consider key issues that influence ambition.

150.6 One member referred to current governance arrangements of partnerships and the lack of member awareness of their complexity and the risks involved. He thought that decisions about service provision should not be taken unless the impact on service users had been considered. This should be the foremost consideration and local members should be involved in this process.

150.7 The need for the appropriate Cabinet member to be involved in cases where risk was high was highlighted as was the need for all risks to be taken into account prior to any decision being made, with steps being taken to mitigate risk as much as possible. Members recognised that it was difficult to ensure that all risks were identified but mechanisms should be in place to provide the necessary challenge. This process should then help the County Council to be more ambitious in future.

150.8 The Committee asked for a further report on mechanisms of controlling and managing the risks, ownership and ambition for consideration at their next meeting.

Resolved

151.1 That the revised risk assessment mechanisms agreed with the How We Work Group, including how it can contribute to a more risk informed agenda for the Committee be endorsed.

151.2 That a further report on the escalation of challenge, ownership and ambition issues noted above be provided for the Committee's meeting on 17 September 2013.

Medium Term Financial Plan Update

152.1 The Committee considered a report by the Director for Corporate Resources on the national and local issues which impacted on the County Council's finances and which would need to be taken into account when developing the next three-year financial plan and the future viable financial base. The report had been considered by the Cabinet on 17 July 2013.

152.2 The Head of Corporate Finance confirmed that the six recommendations set out in the report had been agreed by the Cabinet on 17 July 2013. He reported that although there had been some overspends in service areas, overall there had been an underspend of £3.7M against the revenue budget and general balances had increased to £16.3M. These had reduced to £14.3M following the transfer of £2M to a Business Transformation Reserve. Attention was drawn to the provisional budget summaries for 2014/15 and 2015/16 which were based on a Council Tax increase of 2% each year and the potential impact of a further Council Tax Freeze Grant. The Committee noted that Meeting Future Challenges work would continue to identify further potential savings. This work would be informed by the recent Peer Review.

152.3 One member considered the business transformation reserve to be too small. He thought all officers should be encouraged to suggest spend to save projects and that any ideas which provided savings with a quick payback should be pursued. Another member thought the County Council should be more proactive in looking for opportunities to make savings.

152.4 In response to a member's question, it was clarified that the level of Business Transformation Reserve was a reasonably significant sum that left general balances at the higher end of the approved operating range. This would provide the opportunity to develop invest to save projects whilst at the same time achieving a balanced budget in 2-3 years' time. If the County Council had the ambition to do more, then the Chief Financial Officer would support projects that offered an appropriate return on investment.

152.5 There was some discussion about the County Council's responsibilities with regard to housing, the potential income from rates, and the impact of freeze grant take up on future years.

152.6 The Committee wanted recommendation (vi) to be re-worded in the light of the above discussion and asked officers to agree the wording, after consultation with the Chairman, Vice-Chairman and the lead conservative member.

Recommended

153. That the Cabinet be asked to agree that staff at all levels within the organisation be asked to bring forward ideas and proposals for service transformation that are able to demonstrate efficiencies within a reasonable timescale to deliver payback on the initial investment (e.g. within two years) and that the Business Transformation Reserve be expanded if necessary in order to support development and implementation of these proposals. (No idea is too small – all that we ask is the people show ambition in their ideas and for them not to feel constrained by existing processes or procedures.)

Treasury Management Update

154.1 The Committee considered a report by the Director for Corporate Resources which gave the latest update on Treasury Management activity and the latest position with regard to deposits in Icelandic Banks.

154.2 The Finance Manager (Treasury and Investments) presented the report in detail drawing attention to the payback of Icelandic investments, the higher than normal level of investment balances, the downgrade of the United Kingdom's sovereign rating, and compliance with sovereign limits. The Committee had requested regular updates at the time of the failure of the Icelandic Banks and now that repayments were being made, the Committee was asked to consider the frequency of future reports.

154.3 The Committee agreed that it was probably more appropriate for reports to be provided on a six monthly basis, or when anything of significance occurred. Members asked for a report to be provided when Iceland funds had been fully recovered and suggested that future prudential monitoring reports also include information about key risks, how items which fell outside of the key criteria were dealt with, and any funding issues.

154.4 With regard to the authority's current investment plans, the Committee noted that investments were only made with counterparties who had a credit rating of AAA and strong sovereign governance. There was little investment outside of the UK.

154.5 One member commented that the current low interest rates meant that invest to save projects would not need to have a very great return to be worthwhile.

154.6 In response to a question about the cost of using financial advisers, it was explained that providing this service in house would exceed the £15,000 currently paid for this service.

Resolved

155.1 That future prudential monitoring reports be provided on a six monthly basis.

155.2 That a further report on the Icelandic Bank deposits be provided when these had been fully recovered.

Review of 'Weymouth Showcase' Scheme to Implement Real Time Passenger Information for Weymouth, Portland and Dorchester

156.1 The Committee considered a report by the Director for Environment which included information on the review of the implementation of Real Time Passenger Information (RTPI) in Weymouth, Portland and Dorchester as part of the 'Weymouth Showcase' Scheme, and highlighted specific lessons learnt.

156.2 The Group Manager presented the report in detail. The RTPI scheme was part of the many schemes under the Weymouth Transport Package (WTP) in the lead up to the Olympic Games in 2012. Under the scheme the public were to be provided with information about scheduled buses along the Dorchester, Weymouth, Portland corridor and the project had been overseen by the Olympic Transport Board. The Group Manager summarised the various problems experienced during the time of the project and the effects these had. The review had highlighted the complexity of the system to be supplied for the RTPI, weaknesses in the agreement between the County Council and bus operators, the poor quality of timetable data, the need for those involved in the Project Steering Group to be senior officers, and other problems encountered with regard to power supplies, bus fleet movements and poor siting of bus stop displays. The report had been shared with First Bus Company and they had not expressed any specific concerns with its content.

156.3 With regard to the cost of the RTPI, the Group Manager explained that this formed part of the WTP and the County Council had made a 10% contribution towards this. He agreed that the contracts with the suppliers of the technology had not been as robust as they should have been and staff were currently working to achieve a position which should have been achieved 12 months ago. The contract had not been managed well and staged payments had been made too early which meant that there had been little leverage when things had not progressed as expected. This had since been resolved. The partnership with bus operators had also not been sufficiently robust and they had reneged on this arrangement.

156.4 One member drew attention to the fact that although First Bus had indicated in a letter that they would invest £1M in new equipment and buses, this had not happened and buses were now older than before the Olympic Games took place. He asked why the County Council allowed contractors to have escape routes. The Group Manager explained that First Bus had indicated that they would invest £1M in the fleet and the letter referred to had been part of the negotiations. Unfortunately, First Bus had reneged on the agreement. At a national level it had been made clear that the public would be upset if new buses were removed without a legacy and of the 52 new buses provided in Weymouth, none remained. The average age of the current fleet had not increased compared to before the Olympic Games and officers were doing all they could to ensure that investment continued and the right commercial decisions were taken. It was however important to recognise that, as the County Council did not pay subsidies on these routes, its direct influence was limited and decisions taken rested with the bus operators. Investment in the bus fleet in Weymouth did not compare to the investment in Poole and Bournemouth and this provided some frustration for officers.

156.5 As to member involvement, the Group Manager explained that the Project Board did have member involvement and worked well. He drew attention to the fact that no other local authority had delivered three major projects on time.

156.6 Members sought assurance that lessons had been learned and structures and processes were in place to ensure that there was no recurrence. The Group Manager stated that there would be no major improvement schemes in Dorset for some time to come and that appropriate procedures were now in place and would be followed.

156.7 The Committee noted that RTPI schemes were being developed across the country and experiencing similar problems to those in Dorset. RTPI schemes were being rolled out in other parts of Dorset currently through developer contributions and lessons learned were being shared with other local councils.

156.8 One member expressed regret that the Director for Environment had been unable to attend the meeting. In his opinion the project had been out of control and been

delivered three years late. The RTPI still had not been completed, even though it should have been in place in time for the Olympic Games and key success criteria had not been met. He thought that any risk should have been with the contractors and that if staff turnover became an issue then the project should have been managed with fewer staff or steps taken to ensure stability. It was felt that a risk register should have identified political, project and process risk and it appeared that political risk in this case had not been managed.

156.9 The Group Manager explained that concern had been expressed at national level as to whether Dorset could deliver the Olympic Games, yet this had been successfully delivered without traffic chaos. He accepted that there had been some failures but lessons had been learned from these.

156.10 It was suggested that weaknesses in the County Council's contractual arrangements should be addressed but the Group Manager explained that legal and procedural advice had been sought before contracts were signed and still they had not worked.

156.11 One member was satisfied that the lessons learned were being followed with regards to the roll out of RTPI in Christchurch.

156.12 Members remained concerned about the effective engagement of contractors, for contracts to be sufficiently robust, and for any onus to be placed on contractors. They were also concerned because partnership had not worked in this instance and the political risk had not been reviewed quickly enough.

156.13 The Head of Internal Audit, Insurance and Risk Management agreed that contracts should be appropriate and contain leverage should things not proceed according to plan, but the fact that the current roll out of RTPI was successful implied that lessons had been learned.

156.14 The Committee was informed that the provision of on-board bus equipment was continuing, with ten buses outstanding. First Bus was responsible for the cost of replacement equipment should buses with equipment be moved elsewhere. Members also noted that the County Council was now notified of changes to the fleet.

156.15 Having discussed the matter fully, members asked for an action plan to be created to address lessons learned not just within the Environment Directorate but across the whole authority. They asked that the Director for Environment attend the Committee's next meeting and provide a report as specified above. In view of the fact that the RTPI was still not working, they also asked for an update report in six months' time.

Resolved

157.1 That the problems encountered in the delivery of the RTPI element of the 'Weymouth Showcase' Scheme, and their resolutions, be noted.

157.2 That the Director for Environment be asked to attend the Committee's next meeting and provide a report on the Action Plan arising from the lessons learnt to prevent any repetition of anything that would affect other aspects of the County Council's work.

157.3 That a further update on the RTPI be provided in six months' time.

Corporate Performance Monitoring Report – Fourth Quarter 2012-13

158.1 The Committee considered a report by the Chief Executive which set out the results of the monitoring of the County Council's Budget and Corporate Plan for the fourth quarter of 2012/13 and the Corporate Balanced Scorecard for quarter 4.

158.2 The Policy and Performance Manager reported that at the end of 2012/13 performance indicators had an average “amber” rating (0%-5% off target), that 59% of indicators had met their targets, compared to 56% at the end of quarter 3, and 76% of actions had been completed or were on target. The year-end overspend projected for the authority had turned into an underspend of £3.7M. He then commented on items within the appendices which were shown as “red” and responded to detailed questions.

158.3 With regard to the timeliness of children’s assessments, the Policy and Performance Manager explained that less experienced staff meant that assessments took longer to complete and a Head of Service had attended a recent meeting of the Cabinet to explain the current situation. They had explained that the focus was now on the quality of assessments rather than the length of time taken to complete them which had relieved some of the pressure on staff, and that new local measures around the quality of assessments were being developed. One member commented that if assessments were not done in a timely way there would be a delay in children receiving the support they needed. The Chairman added that this information conflicted with that given to the Committee on 11 June 2013. The concern was that if an unannounced visit by inspectors was made, the County Council would be found lacking. He asked that members be provided with an update by email on the current situation within two weeks. If members were not satisfied with the explanation given, then relevant officers could be asked to provide an explanation at the September 2013 meeting of the Committee. Any concerns arising from the update should be communicated to the Principal Democratic Services Officer.

158.4 The Committee were informed that the Children’s Services Overview Committee and the Corporate Parenting Panel had asked for a seminar to be held for all members on safeguarding and the role of the corporate parent.

158.5 Reference was made to the fact that the public did not understand the work of the County Council and the impact on their lives and the recent Peer Review had also highlighted the need to improve communications with the public and more focus on outcomes.

158.6 One member referred to the recent establishment of a policy development panel to look at involving local members and disagreed with the green rating that the action taken to embed the protocol for involving local members in local matters affecting their electoral division had been given.

Resolved

159.1 That the Corporate Performance Monitoring Report for the fourth quarter of 2012/13 be noted.

159.2 That update information be provided on children’s assessments and further action taken as set out in minute 158.3 above.

Internal Audit Quarterly Report

160.1 The Committee considered a report by the Director for Corporate Resources which summarised the work of the County Council’s Internal Audit Service. This provided an overall positive assurance opinion on the County Council’s management of risk and the systems of internal control, a schedule of audits completed during the period and details of audit reviews which had either received a “Partial Assurance Opinion” or where risks had been identified which were considered to represent potential significant corporate risk to the Council.

160.2 The Group Audit Manager explained that from the review work undertaken by the South West Audit Partnership (SWAP), an overall positive assurance opinion on the management of risk and systems of internal control was given. The report also detailed

work to be carried forward from 2012/13 and the audit plan for 2013/14. There was one area where a partial opinion was given and this related to the Dorset Waste Partnership's (DWP) governance arrangements. As a result of advice sought, it had been ascertained that there was no need for the Partnership to prepare separate accounts and for them to be audited.

160.3 In response to a question about the assessment of the DWP's financial performance, it was explained that quarterly budget monitoring reports were produced for the Partnership's Board and they were also scrutinised by the appropriate body.

160.4 One member referred to the findings of the recent Peer Review and the need for the authority to take steps to be less risk averse, and asked how future reviews would be conducted in the light of this. The Group Audit Manager explained that risk could only be reported on after an audit had been completed. The reviews checked that appropriate controls were in place and working, and that value was being added to the process. The Head of Internal Audit, Insurance and Risk Management added that Internal Audit were committed to ensuring that robust controls were in place, but also that they were proportionate.

160.5 In response to a question about the experience of auditors, the Group Audit Manager explained that SWAP had a pool of 65 auditors of varying experience. They would not undertake audits in areas where they had worked during the previous 12 months. Auditors attended corporate meetings so they understood the processes and activities of the business being audited.

160.6 The Chairman stated that the Committee was used to areas of under control being reported. The Group Audit Manager agreed to report on over-control in future audits.

160.7 Attention was brought to two double entries within Appendix C of the Director's report which the Group Audit Manager would remedy.

Resolved

161.1 That from the work undertaken by SWAP, the positive conclusion reached that risks were generally well managed and the systems of internal control were working effectively, be noted.

161.2 That those issues relating to areas of potential significant corporate risk to the Council (Appendix B), and progress made by managers in implementing agreed actions, be noted.

161.3 That those audit assignments which had been given a 'Partial' assurance opinion, but were not considered to present a significant risk to the Council's overall operations (Appendix D), be noted.

161.4 That those audit assignments which had been allocated either a 'Substantial' or 'Reasonable' assurance opinion, where it had generally been concluded that controls were operating satisfactorily, be noted.

Exclusion of the Public

Resolved

162. That in accordance with Section 100 A(4) of the Local Government Act 1972 to exclude the public from the meeting in relation to the business specified in minutes 163 to 164 because it was likely that if members of the public were present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighed the public interest in disclosing the information to the public.

Durlston Castle Catering Arrangements

163.1 The Committee considered an exempt joint report by the Monitoring Officer, the Director for Corporate Resources and the Director for Environment. The report contained exempt information in accordance with paragraph 3, relating to the financial or business affairs of any particular person (including the authority holding that information). The report had been considered by the Cabinet on 26 June 2013 and a copy of the relevant minute was attached to the report.

163.2 The Audit Manager explained that following a report by the Monitoring Officer to the Cabinet in November 2012, an internal audit review of the arrangements made for the award of a County Council catering concession at Durlston Castle had been requested. The audit had identified specific issues at Durlston Castle but, primarily, sought to provide a summary of the generic lessons learned for the authority. The report included an action plan and all recommendations contained within it had been agreed. A follow up review was to be carried out to ensure that recommendations were implemented.

163.3 Members commented on the length of the report given that it related to a fairly small operation and that lessons learnt mirrored those discussed earlier in the meeting in relation to RTP1. Disappointment was expressed that the Head of Legal and Democratic Services had been unable to attend the meeting.

163.4 The Head of Countryside and Business Development explained the process followed with regard to the tendering of the catering contract and advice taken during this process. He also provided a summary of the performance of the catering arrangements to date and informed the Committee that the Cabinet had asked for a further report on performance later in the year.

163.5 Members hoped that this experience would not inhibit the County Council's willingness to be innovative in future.

163.6 The Head of Internal Audit, Insurance and Risk Management stated that there were a number of key lessons for the authority to learn from both the internal audit review and feedback from the recent Peer Review. The recommendations arising from the review would improve support for innovative projects whilst at the same time providing an opportunity for appropriate advice to be sought and acted upon and for risk to be proportionate to the operation under review.

163.7 The Chairman was concerned by the reference within the report to the payment of invoices. The Audit Manager stated that supporting evidence had now been provided and the Head of Countryside and Business Development provided more detail. As this had been a previous concern to the Committee, the Head of Internal Audit, Insurance and Risk Management was asked to pursue this matter.

163.8 The Committee noted that the follow up review would take place in the autumn and that the outcome would be reported to them.

Resolved

164.1 That the findings of the report be noted.

164.2 That the follow-up review be added to the Committee's work programme.

External Funding Monitoring Report (2013/13)

165.1 The Committee considered a report by the Chief Executive which provided an analysis of external funding activity across the County Council for the financial year ending 31 March 2013.

165.2 The Joint Commissioning Manager (Civil Society) explained that this was the first annual external funding report. As there was usually some expediency needed with the submission of bids, they were usually approved by Heads of Service. However, bids were reported to Cabinet where they were for £500,000 or over, or if bids affected policy. There was a checklist in place to ensure that officers bidding for funding secured the right level of approval. The Committee noted that last year's bidding activity was less than normal but it was difficult to predict whether activity this year would increase.

165.3 With regard to local member involvement in the process, it was explained that there were no communication channels currently with local members but it would be possible for them to be sent information. The Joint Commissioning Manager welcomed contact from local members.

165.4 With regard to who judged bids, the Joint Commissioning Manager explained that grant officers assessed bids and made recommendations to Grants Panels. Officers tried to ascertain whether bids were likely to be successful in order to reduce wasted effort.

Noted

Asset Management and Capital Programme Update

166.1 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.

166.2 The Capital Programme Manager presented the report in detail and highlighted changes to asset management governance, the current level of property disposals, financial savings against the cost of occupancy target of £1.5M, the current maintenance backlog reductions, sharing of premises and co-location, building performance, progress with Optimism Bias and the significant under-investment in highways asset management. A fuller report had been considered by the Cabinet on 26 June 2013 when all recommendations had been agreed.

166.3 It was explained that there had been little progress in the first year of the programme with regard to the disposal of 25% of the County Council's estate by March 2015. Since then steady progress had been made and a 5% reduction had been achieved the previous year. However, there was a concern that further properties for disposal would not be identified by directorates thus putting the savings target at risk.

166.4 One member asked about the difference in valuations from the start of the process and actual capital realised. The Estate and Assets Manager agreed that this had been difficult whilst the property market was depressed and values had not increased in line with inflation. The degree of difficulty with disposal depended on the type of property being dealt with. The only assurance that could be given was that properties were being sold at the current market price.

166.5 The Committee noted that local member involvement was at the end of the process at the Cabinet meeting when consideration was being given to the properties being declared surplus. Members suggested that local members be involved earlier in the process but officers responded that this would depend on the circumstances of individual properties.

166.6 One member referred to a surplus building in his electoral division and that despite him trying to find out more about the situation on several occasions, no one had contacted him about this. The Estates and Asset Manager agreed to pursue this.

166.7 With regard to the deterioration in the County's highways network, the Capital Programme Manager explained that resources would be targeted to the greatest area of need. The Committee were reminded that Volume Two of the Highways Asset Management Plan would be considered at the next meeting and highways concerns could be addressed at that time.

Noted

Academies Repairs and Maintenance

167.1 The Committee considered a joint report by the Director for Environment and the Acting Director for Children's Services in relation to the arrangements in place regarding repairs and maintenance of Academies.

167.2 The Principal Property Manager explained that there were now 11 academies, which comprised of 10,000 pupils. She briefly summarised current maintenance arrangements in Dorset schools and the position of voluntary aided schools and academies. Data suggested that the condition of maintained schools was better than diocese schools or academies although it was too early for trends to be identified. The experience of the first two years of academies seemed to indicate that they were not undertaking maintenance to the same level that the County Council would. This was partly due to the fact that schools had to bid for funding and Dorset schools did not seem to be successful in this. Schools considering academy status were not open about this so that any investment by the County Council was not affected. The Committee noted that Queen Elizabeth School, Wimborne, would become an academy in November 2013 and Sir John Colfox School, Bridport was also expected to become an academy.

167.3 The Chairman commented that it was unfortunate that the County Council had spent millions of pounds in building Queen Elizabeth School, with the associated problems this has brought, and now the school was to become an academy. It was suggested that this might have consequences for future new builds for other schools and the authority needed to be aware of the risk of spending capital expenditure on schools which might subsequently leave the responsibility of the authority. The Head of Internal Audit, Insurance and Risk Management agreed to look at the risk involved and seek further information as to the County Council's approach to this.

167.4 It was noted that although most academies had bought back into the County Council's maintenance scheme, this did not provide any financial gain for the authority although it did mean that the authority was aware of the condition of these schools. Attention was drawn to the possibility of a surveying exercise on the schools estate to gain a national picture of the state of schools and the current difficulty the authority had with regard to benchmarking or moderating their survey data.

167.5 The Committee noted that academies were responsible for all aspects of maintenance of their property, but if this was allowed to get into disrepair or the school went bankrupt, the County Council still had the responsibility for the education of Dorset pupils and might have to take responsibility for the school.

167.6 One member reminded the Committee that no parent would send a child to a school which was badly maintained and that the discussion showed a lack of faith in academies. The Principal Property Manager stated that previous experience had shown that these were real possibilities.

Resolved

168.1 That the condition of buildings within academies continue to be monitored by Dorset Property (where possible) and reviewed on a yearly basis.

168.2 That a report be brought back to the Committee and the Children's Services Overview Committee if significant divergence between maintained schools and academies occurs.

Citizens' Panel Survey 29

169.1 The Committee considered a report by the Director for Environment on the Citizen's Panel Survey 29. This survey was the fourth to be conducted since the merger with Dorset NHS and received 3,043 online and posted responses which represented a 60% response rate.

169.2 The Senior Consultation and Research Officer presented the report in detail, drawing attention to items of particular note, including where information gathered had been used to inform decision making and develop policy.

169.3 Members discussed the report and sought clarification of the Panel's membership. Some expressed the concern that time, effort and money was being spent on promoting services which the Survey had shown to be little used. They felt it was important for directorates not to assume that a little used service should be promoted but rather that they consider whether such services were worth providing and explore what would happen if they were not.

169.4 Members questioned the value of the Survey, given that responses to some of the questions could have been provided through different means, eg local member knowledge or through parish and town councils, thus saving time, effort and cost. Others saw the value that such information could provide to support bidding for outside funding

169.5 In view of the feedback from the recent Peer Review and members comments about the value of surveys, the Committee suggested that a review of the aims and purpose of the Citizen's Panel be undertaken.

Recommendation

170. That the Cabinet be asked to review the aims and purpose of the Citizen's Panel.

Work Programme

171. The Committee considered its updated work programme and items were added as specified in minutes 148.3, 151.2, 155.1, 155.2, 157.2, 157.3, 164.2 and 168.2. Items on the Policy Development Panel on involving local members would be added to the work programme for the September meeting, the outcome of the Peer Review would be added to items for the October meeting and evidence used in committee reports would be added to the October or November meeting.

Forward Plan

172. The Committee received the County Council's Forward Plan which was to be published on 6 August 2013.

Noted**Questions**

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

Audit and Scrutiny Committee – 23 July 2013

Meeting duration: 10.00am to 4.15pm