

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall
Colliton Park, Dorchester on 18 February 2014.

Present:-

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

Toni Coombs (Cabinet Member for Education and Communications) Hilary Cox (Cabinet Member for Environment), Robert Gould (Deputy Leader and Cabinet Member for Corporate Resources), Rebecca Knox (Cabinet Member for Children's Safeguarding and Families) and John Wilson (Chairman of the Council) attended understanding Order 54(1).

Officers:

Sam Fox-Adams (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:

Mike Harries (Interim Director for Environment), Paul Kent (Director for Corporate Resources), Dave Ayre (Head of Countryside and Business Development), Marc Eyre (Corporate Risk Officer), Jackie Groves (Senior Manager), Peter Illsley (Head of Corporate Finance), Jonathan Mair (Monitoring Officer and Head of Legal and Democratic Services), Andrew Martin (Head of Highways Operations), Richard Pascoe (Head of ICT and Business Transformation), Jan Stevenson (Group Manager), Sally White (SWAP Audit Manager) and David Wilson (Data Protection Officer).

(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 on **20 March 2014.**)

Apologies for Absence

24. Apologies for absence were received from Deborah Croney and Ian Gardner.

Code of Conduct

25 There were no declarations by members of any personal or prejudicial interests under the Code of Conduct.

Minutes

26. The minutes of the meeting held on 20 January 2014 were confirmed and signed subject to the words "County Council's" being replaced by "the Cabinet's" in minute 8.1.

Matters Arising

Minute 9.5 – Unjustified Claims for Single Person Council Tax Discount

27.1 The Head of Corporate Finance reported that the pursuit of unjustified claims for single person council tax discount was being progressed and a meeting with the external provider of challenge services was scheduled for the end of February. He explained how the withdrawal of claims would not affect the Government's financial settlements for 2014/15 and 2015/16, but in a subsequent settlement period some or all of the gain could be offset by reduced grant. It was estimated that the exercise could result in the County

Council receiving approximately £700,000. Even taking into account the cost of the exercise, there would still be a significant financial benefit to the County Council in pursuing unjustified claims.

Minute 9.7 – Bidding Processes

27.2 The Senior Policy and Performance Manager reported that the Corporate Management Team was taking a more proactive role in the bidding process and all bids for the Delivering Difficulty Fund were now being scrutinised by one officer, and the relevant Cabinet member had been consulted. Following a recent Government announcement about additional funding being available, a number of proposals had been vetted and one from Children' Services seeking funding for troubled families had been progressed and had reached the shortlisting stage.

27.3 With regard to what happened if a bid was progressed without approval, it was explained that Directors were aware of the new measures and it was hoped that this situation would not arise. If it did cases would be dealt with on a case by case basis.

27.4 In response to how communities could be made aware of potential grant schemes, it was explained that members would be contacted as set out in the local member protocol and information would also be available on the member gateway. Previously, Dorset Community Action had managed grants for the County Council and the Senior Policy and Performance Manager would establish the current arrangements.

27.5 Members asked for an update report to be provided in six months' time on the new procedure, including examples of bids which had not progressed.

Minute 9.10 – Local Authority Trading Company (LATC)

27.6 The Head of Corporate Finance reported that work on developing proposals for a local authority trading company was being progressed. Members asked for an update to be provided at an appropriate time and for the monitoring of the LATC to be added to their work programme.

Minute 16.2 – Risk of Possible Service Failure

27.7 Although the minutes had requested a report on the risk of possible service failure to be provided for the meeting, information had been included in the Annual Risk Management Report later on the agenda. Members noted that measures and targets would need to be refined and developed in conjunction with the production of the new Corporate Plan. The need for a further report would therefore be considered at a later date.

Minute 21.3 – Grant Thornton's Review

27.8 The Head of Corporate Finance confirmed that he had provided members with further details of the Grant Thornton's Review. He had discussed the matter with the Chairman following the last meeting and had sought the views of the external auditors (KPMG) on the findings. KPMG thought the County Council's current Annual Governance Statement was fit for purpose and that there was no need for the Authority to adopt any suggested amendments arising from the review. However, officers would incorporate the review's findings where this would not involve significant additional work.

Minute 21.4 – Governance arrangements for outside bodies

27.9 The Senior Policy and Performance Manager would review the current status of work on outside bodies and report on progress in due course.

27.10 Members remained concerned about outside bodies, their governance arrangements and how they communicated their objectives and progress. Members asked that this be added to their work programme.

27.11 With regard to transparency and accountability, one member asked that in future minutes attribute comments to individual members. The Principal Democratic Services Officer explained that this was the corporate style. If members of a committee commented then these were not personalised whereas comments from local members were. If members wished to change the current practice they were advised to raise the matter with Group Leaders. Further advice could be obtained from the Head of Legal and Democratic Services.

Progress on Matters raised at Previous Meetings

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

Minute 4.1 – Public Health

28.2 With regard to the current position, the Principal Democratic Services Officer explained that the Public Health Overview Committee had not met in January and that the current arrangements for Public Health were being reviewed by the three local authorities. It was likely that the Overview Committee would be disbanded and responsibility for Public Health added to one of the other Overview Committees. One member reminded the Committee that the Director of Public Health was a joint appointment by Bournemouth Borough Council, the County Council and the Borough of Poole and highlighted the good work carried out by the Directorate and the need for any structural changes to be made sensitively. Another stated that it was important for there to be clarity about the working arrangements so that these could be scrutinised appropriately.

Minute 17.5 Registers of Risk kept by ICT

28.3 Members were provided with a detailed response from the ICT Group Manager – Strategy and Infrastructure on questions raised at the last meeting about the registers of risks kept by ICT relating to the core ICT infrastructure and why there were so many amber statuses for the significant ICT projects listed. The Head of ICT and Business Transformation gave a brief explanation of the information provided.

Noted

Public Participation

Public Speaking

29.1 There were no public questions received at the meeting in accordance with Standing Order 21(1).

29.2 There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

30. There were no petitions received in accordance with the County Council's petition scheme at this meeting.

Work Programme, Cabinet Forward Plans and Work Programmes of Overview Committees

31.1 The Committee considered its updated work programme and received the Cabinet's Forward Plan for the meetings on 26 February and 19 March 2014, and the work programmes of the Adult and Community Services, Children's Services, Environment and Public Health Overview Committees.

31.2 The Senior Policy and Performance Manager reminded the Committee that they had previously asked for training on treasury management. Members agreed to this being provided at their meeting on 13 May 2014.

31.3 The Head of Internal Audit, Insurance and Risk Management suggested that the Internal Audit Quarterly Report and the Internal Audit Plan 2014/15 be reported together at the meeting on 8 April 2014 as the items were linked and would provide a more rounded view if considered at the same time. This was agreed.

31.4 With regard to whether the Environment Overview Committee would have a stronger focus on the economy, the Principal Democratic Services Officer explained that the Interim Director for Environment had agreed to add this to their work programme and this was now reflected in the forthcoming appointment of a Director for Environment and Economy. The Cabinet Member for Corporate Resources added that this was a key strand within the developing Corporate Plan.

31.5 Reference was made to the Executive Advisory Panel on Universal Services which did not feature in the Children's Services Overview Committee's work programme. The Principal Democratic Services Officer explained that the Executive Advisory Panel had been established by the Cabinet and would report directly to it. The Cabinet Member for Children' Safeguarding and Families added that its work would be reported to the Overview Committee.

Joint Scrutiny Review Sub-Committee

32. The Committee received the minutes of the meeting of the Joint Scrutiny Review Sub-Committee held on 25 November 2013.

Noted

Meeting Future Challenges and Forward Together – Progress Report

33.1 The Committee considered a report by the Chief Executive which updated them on progress of the Meeting Future Challenges programme which aimed to deliver savings of over £60m over the three years 2011-12 to 2013-14. The programme would be concluded at 31 March 2014 when key legacy projects would be assimilated into the developing Forward Together Programme.

33.2 The Cabinet Member for Corporate Resources presented the report drawing attention to the current status of the programme and savings unlikely to be achieved totalling £2,815k in 2013/14 and £1,090k in 2014/15. The Meeting Future Challenges programme would end on 31 March 2014 and be replaced by the Forward Together programme. This consisted of ten priority projects with projected savings of £42.3m over the period 2014/17. Reports on the Forward Together Programme would be reported to every meeting.

33.3 One member considered the saving of £14.6m under the "whole authority operating strategy" to be an ambitious target and asked how this would be achieved as no detail was provided. The Cabinet Member for Corporate Resources explained that this target was to be achieved over the three year period. It was being led by the Chief Executive and Leader and was a critical area of work which would provide a substantial part of the £42.3m savings needed. More detail would be provided in later reports.

33.4 With reference to the savings unlikely to be achieved by the "delivering efficient, value for money corporate support services" proposal, the Head of ICT and Business Transformation explained that Directors were trying to identify savings beyond the targets in order to meet shortfalls. Savings of £184k had been realised of the original target of £259K which gave a current shortfall of £75k. One member drew attention to the fact that

previous underspends by the Corporate Resources Directorate had helped areas of overspend in the past.

33.5 Attention was drawn to challenges posed by the financial situation, the Care Bill, the need to work differently in future, future demands on services and how changes would impact on service users and questions asked as to whether officers had a clear understanding of the risks involved.

33.6 With regard to the substantial investment in IT equipment to support service changes, the need for further detail was highlighted so that members could see how the plans fitted together. Whether District and Borough Councils, or other councils, would benefit from the IT investment was questioned.

33.7 The Chairman asked which part of the Authority would be addressing risks associated with service changes. The Cabinet Member for Corporate Resources agreed that this was a high risk programme but progress would be monitored and this would involve a role for the Overview Committees. The Head of Internal Audit, Insurance and Risk Management added that each programme would produce a Project Initiation Document which would give more information about the proposals and these would consider any risks involved. Any reports to Committee would show current and residual levels of risk so that these were fully considered when decisions were made. He agreed that there would be risk associated with the forthcoming changes but these should be considered proportionately. It was generally agreed that the greatest risk to the Council was to do nothing.

33.8 The Director for Corporate Resources explained that it was difficult to break down the wide ranging programme of change into smaller pieces and provide greater detail at present. The different programmes were at different levels of development and more detail would be available in due course. The proposed IT programme was to enable future service changes but in certain cases was also because the procurement arrangements had run out of time or the money allocated for contracts had been spent. Appropriate IT equipment would be necessary to support and progress future service changes.

Noted

LGA Peer Challenge – Action Plan Update

34.1 The Committee considered a report by the Chief Executive which provided an update on the implementation of the recommendations of the Peer Review carried out in July 2013.

34.2 The Senior Policy and Performance Manager presented the report which provided an update on the action plan to address the recommendations arising from last year's Peer Review. Good progress had been made and the Forward Together Board, comprised of Cabinet members and the Corporate Management Team, met monthly to oversee progress.

34.3 The Chairman referred to the key recommendation relating to "acting as one Council", and the fact that he had spotted instances where corporate branding was not being followed. The Senior Policy and Performance Manager reported that the Corporate Management Team was to receive a report on branding in March 2014 and the Committee would receive a similar report thereafter.

34.4 The need for all members to receive regular updates on progress with the Forward Together Programme was emphasised, as was the need for the Committee to be assured that sufficient measures were in place to address risks. Attention was drawn to the fact that data evidence to support decision making had been omitted from the list.

34.5 Members noted that an LGA Peer Review of Communications would be undertaken in early March 2014 and this would include evidence, research and consultation functions. A report on the outcomes would be provided in due course. With regard to members being regularly updated, the Chief Executive was to provide a regular member newsletter which they could share with Town and Parish Councils and the wider community. He welcomed member feedback as to whether the newsletter met their needs. One member commented that the first newsletter had been unclear but supported this as a means of keeping members informed.

Noted

Annual Risk Management Report

35.1 The Committee considered a report by the Director for Corporate Resources which provided an update of progress made to enhance and embed risk management within the County Council in 2013, and provided an opportunity to enhance the approach to risk management and comment on the effectiveness of the Risk Management Group. The report also provided a response to concerns expressed at the Committee's last meeting about the risk of possible service failure.

35.2 The Corporate Risk Officer presented the report highlighting high risk areas in the Corporate Risk Register which was regularly updated and available on the member gateway. He explained that risk management practices continued to be developed and that the previous discussions by the Committee had played a key role. He advised that all committee reports now included information about current and residual risk. The report also included information to address the concerns raised previously about risk of possible service failure. He also referred to members' attendance at meetings of the Risk Management Group and welcomed comments which would make it more effective.

35.3 The Chairman and other members who had attended the Risk Management Group meetings had found that whilst some managers were engaged in the meetings, some were not and made little contribution. In their view, there was no effective challenge, no energy or dynamism and a lack of ownership. Members did recognise that their attendance may have curtailed contributions from some officers.

35.4 The Director for Corporate Resources recognised some of the behaviour referred to and explained that the Group was long established and might be stale. It had been difficult to get those involved in risk management across the organisation to be engaged but this did not necessarily mean that risk was not being managed. He agreed that a "spark" was lacking but the subject could be deemed uninteresting for some. He welcomed any ideas to make the subject more interesting and outlined steps taken previously to try to achieve this. Risk management now had a higher profile and Directorates and service areas had responsibility for monitoring and updating their risk registers. He was trying to ensure the process was followed, that any decisions made took into account the level of risk involved and that risks were mitigated. He highlighted areas where risk issues and lessons learnt had been communicated but agreed that more publicity could be given and welcomed any suggestions as to how to raise the profile further.

35.5 One member suggested that this might be achieved if responsibility for risk management was raised one level within Directorate structures. The Director for Corporate Resources confirmed that he was the Office Risk Champion. He explained that Directorate risk champions were generally third and fourth tier managers and he agreed to consider this suggestion. Another member added that risk should be seen as integral to delivering major agendas. Risk management had a key purpose and enabled the County Council to improve what it did and he questioned whether it was presented in the right way. The Corporate Risk

Officer thought the profile had been raised significantly over the last year and the Corporate Management Team would not be using the risk register to inform agendas. Directorate management teams also had greater ownership. The Head of Internal Audit, Insurance and Risk Management added that the Forward Together Programme provided an opportunity to embed risk within the organisation and make it central to any discussions. He referred the Committee to the risk management policy statement reference that the organisation should be risk aware, not risk averse and that being aware of risk should lead to informed decision making and ensure the Council could achieve what it needed to do in a controlled manner.

35.6 In response to questions the Corporate Risk Officer explained that high and medium risk areas on the Corporate Risk Register were set out in Appendix B along with key actions identified to mitigate the risks to acceptable levels. These were monitored by Directorate management teams and the Corporate Management Team but were not currently presented to Overview Committees. The Head of Internal Audit, Insurance and Risk Management reminded the Committee that Overview Committees received regular corporate performance monitoring reports which were linked to the most significant risks. Appendix C contained information about performance indicators. With regard to the risk of there being insufficient school places available in future, the Senior Manager explained that the Children's Services Overview Committee had received a briefing on the subject and another was planned.

35.7 With regard to whether performance indicators were clear, the Director for Corporate Resources agreed that some needed revision and in some instances better measures could be used. The new Corporate Plan would include more meaningful indicators for the balanced score card and show areas of risk. He agreed that more could be done to draw attention to key risk areas and emerging risks.

35.8 Members supported the need to raise the profile of risk management and the idea of responsibility within Directorates being at a sufficiently senior level so as to effect buy-in, implementation of the risk agenda and to raise awareness of the consequences of failure to deliver. The Chairman asked that an update report be provided before the Director for Corporate Resources retired.

Resolved

36. That an update report be provided for a future meeting.

Home to School Transport Progress Report

37.1 The Committee considered a joint report by the Interim Director for Environment and the Director for Children's Services which provided information about the position of Home to School Transport in September 2013.

37.2 The Head of Highways Operations presented the report in detail drawing attention to the difficulties arising from the raising of the participation age and late applications for school places in September 2013. He also referred to a forthcoming audit report which had been commissioned on school admissions structure and processes. Members noted that there were always a number of problems experienced at the beginning of the school year but this year, despite information being provided, some parents had not been aware of the changes in transport policy. The problem had been made worse by the raising of the school participation age and parents' expectation that the Authority would provide transport when it was the parents' responsibility. This had led to increased complaints and phone calls which prevented staff from carrying out the rest of their duties. Changes to the provision of denominational transport should mean that parents would be better informed when considering denominational places for their children in September 2014.

37.3 The Cabinet Member for Environment confirmed that the report set out the problems regularly experienced at the start of term. She referred to the number of late applications for school places received in September 2013 and parents' perception that their needs would be met at this late date. School transport had been rationalised so there was little spare capacity to meet any additional need without re-negotiating contracts. It was a case of making do with the current provision or building-in spare capacity at an additional cost for the authority.

37.4 One member referred to parents' lack of understanding of transport provision for post 16s. The Senior Manager explained that the Home to School Transport leaflet had now been rewritten to make it clearer and more easily understood. She agreed to provide members with copies.

37.5 With regard to whether any post 16 children were being excluded from further education because of the lack of transport provision, the Senior Manager stated that this was possible and she confirmed that no measures were being taken to address this gap. Members noted that the Authority had only to make "reasonable effort" in such circumstances. A member added that post 16s could train at home and take advantage of distance learning.

37.8 As far as a shortage of primary places was concerned and whether enough transport would be available for September 2014, the Group Manager stated that discussions could only take place with operators once needs had been identified. Late applications increased need and made planning difficult.

37.9 With regard to how well schools were informing parents of changes in procedure, it was confirmed that although information had been sent to schools, they were not necessarily passing the information on to parents. However, parents could now apply to schools for funding from the bursaries they held, but this change needed to be conveyed to parents.

37.10 Attention was drawn to children living in rural areas and families with more than one child and the different experiences they had of accessing transport. The Senior Manager confirmed that other authorities experienced similar difficulties with post 16 transport and highlighted that transport provision was easier in urban areas where distance was not so great and fewer had an entitlement.

37.11 The Cabinet Member for Education and Communications was concerned about the new School Admissions Policy which was to be considered by the Children's Services Overview Committee in March and the Cabinet in April 2014 and the lack of time available to make parents aware of this in time for applications for school places for 2014. She was also concerned that post 16 students were given priority for concessionary seats which was a policy change and had not been approved by the Cabinet and about the lack of information about the raising of the participation age and the responsibility parents had for their children accessing suitable education. With regard to under 16s, if children were unable to attend their catchment school and parents met the distance criteria then transport would be provided. If they did not meet the criteria, then it would be for parents to make their own arrangements.

37.12 The Senior Manager explained that the new booklet had been produced in September 2013 in time for the 2014 application process. It contained all the relevant information and clearly identified changes to the policy. It emphasised the point that if parents applied for places in out of catchment schools then they would be responsible for transporting their child to the school.

37.13 Members recognised the difficulties faced by the Authority but asked that every effort be made to communicate and reinforce messages to parents and repeatedly if necessary. The effect on parents and children could not be underestimated.

Resolved

38.1 That the updates on performance in 2013 be noted.

38.2 That the position in relation to the implementation of new IT systems within the home to school transport and school admissions be noted.

38.3 That the commissioning of an audit report to examine existing processes be noted.

Highways Asset Management Plan Update

39.1 The Committee considered a report by the Interim Director for Environment which summarised the progress of the Highways Asset Management Plan (HAMP) and the reasons for deferral of the submission of the final version until June 2014. This had been agreed by the Environment Overview Committee on 23 January 2014.

39.2 The Interim Director explained that due to delays in the collection of essential data that would feed into the carriageway investment scenarios, and after discussion with the surveying contractor, the Environment Overview Committee had agreed to defer the submission of the full HAMP until June 2014.

39.3 He reported that the Government had made £33m available as a severe weather relief fund. Dorset would be applying for a share of this but it was unclear whether this would have to be used for repairs on A and B roads only. Only 22% of Dorset's roads were of A and B classification. The Cabinet Member for Environment added that the County's C Roads were used heavily and the classification seemed arbitrary.

39.4 In response to a question about the annual list of proposed highway works, it was confirmed that the schedule was still provided to town and parish councils for comment and the next schedule had recently been issued shortly. The Cabinet Member for Environment added that the schedule had been sent to all members of the Council the previous month.

39.5 One member asked whether the local County Council member was being used as the lead and point of contact between district, town and parish councils and the County Council. It was important for local members not to be by-passed and this message should be conveyed to everyone involved. The Interim Director for Environment stated that this message was being reinforced with district, town and parish councils.

Noted

Freedom of Information Statistics – January 2005 to December 2013 and Subject Access Requests 2001 to 2013

40.1 The Committee considered a report by the Director for Corporate Resources which provided an update on statistical information about numbers of information requests received.

40.2 The Committee were reminded that they received information on freedom of information statistics and response times annually. Attention was drawn to the increasing number of requests for information from local and national media and agencies.

40.3 The Chairman of the Council, who was Member Champion for Freedom of Information, added that this was the first report to include subject access request information. He drew attention to the increasing workload and the financial consequences if

response times were not met. He stated that this might become a resource issue if the increasing demand continued. The Data Protection Officer stated that fines were not incurred for failing to meet the response times, but were hefty in cases of loss of information, theft or inappropriate disclosure. He agreed that there was a risk of failing to comply within the 40 day target and that repeat questions and clarifications sought made it difficult to be definitive about the target being met. He confirmed that subject access requests related to personal information which was different to that held on Dorsetforyou.com which anyone can access

Noted

Outside Bodies

41 The Committee received an update from the Chairman of the Dorset County Council Fund on award of grants to build capacity in the voluntary and community sector and parish/town councils in order to deliver stronger services and support for local communities.

Noted

Questions from Members of the Council

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

Exempt Business

Exclusion of the Public

Resolved

43. That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for minute numbers 44 to 45 because it was likely that if members of the public were present, there would be a disclosure to them of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A and the public interest in withholding the information outweighed the public interest in disclosing that information

Durlston Castle Catering Arrangements

44.1 The Committee considered an exempt joint report by the Interim Director for Environment, the Monitoring Officer and the Director for Corporate Resources on Durlston Castle catering arrangements. The Committee had previously considered the matter at a meeting on 23 July 2013.

44.2 The Monitoring Officer reminded the Committee why the report had been provided initially and explained his current concerns. The SWAP Audit Manager explained that as a result of the initial audit of catering arrangements a number of concerns had been raised. The Committee had considered these on 23 July 2013 and had asked for an update in six months' time. She then outlined concerns arising from the recent follow up audit.

44.3 The Interim Director for Environment responded to the Monitoring Officer's concerns and addressed points raised in the follow up audit. The Head of Countryside and Business Development explained actions taken.

44.4 Members sought clarification on a number of issues and expressed concern that lessons learned from previous scrutiny exercises had not been followed, that professional advice had been ignored and issues had not been dealt with in a timely way.

44.5 All officers apart from the Interim Director for Environment were requested to leave while members had a private discussion.

Resolved

45.1 That matters which featured in the report prior to the earlier consideration of these matters in Summer 2013 should not be revisited.

45.2 That failures subsequent to that discussion are regarded as “highly regrettable”.

45.3 That the decision of the Interim Director to personally lead action to ensure prompt attention to the outstanding audit issues be welcomed.

45.4 That the Chief Executive as Head of Paid Service be requested to consider whether any actions are required.

Meeting duration: 10.00am to 1.10pm