

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall
Colliton Park, Dorchester on 10 June 2014.

Present:-

Trevor Jones (Chairman)
Ian Gardner and David Harris.

Toni Coombs (Cabinet Member for Education and Communications), Robert Gould (Deputy Leader and Cabinet Member for Corporate Resources) and Rebecca Knox (Cabinet Member for Children's Safeguarding and Families) attended under Standing 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:

Debbie Ward (Chief Executive), Mike Harries (Director for Environment and the Economy), Dave Ayre (Head of Countryside and Business Development), Dave Hill (Director of Planning, South West Audit Partnership), Karen Andrews (Head of Dorset Procurement), Steve Hedges (Group Finance Manager), Peter Illsley (Head of Corporate Finance), Margaret Judd (Sufficiency and Funding Manager) and Sally White (Audit Manager, South West Audit Partnership).

(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 **22 July 2014**.)

Apologies for Absence

85. Apologies for absence were received from Mike Byatt, Andrew Cattaway, Deborah Croney, Lesley Dedman and Peter Wharf.

Code of Conduct

86. There were no declarations by members of any discloseable pecuniary interests under the Code of Conduct.

Terms of Reference

87. The Committee received its terms of reference.

Noted.

Minutes

88. The minutes of the meeting held on 8 April 2014 were confirmed and signed.

Matters Arising

Minute 87.5 – Quarterly Asset Management Update

89.1 The policy on premises closure had been emailed to members of the Committee the previous day. The Chairman asked that this item be added to the agenda for the next meeting to ensure that the policy was fit for purpose.

Minute 87.6 – Quarterly Asset Management Update

89.2 The Cabinet Member for Education and Communications reported that groundworks at Pimperne First School had started on 6 June 2014.

Progress on Matters raised at Previous Meetings

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

90.2 With regard to the Public Internal Access Project, the Chairman asked for more information about the project to be provided for consideration at the next meeting.

Noted**Public Participation**Public Speaking

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

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

Petitions

91.3 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

92.1 The Committee considered its updated work programme, the Cabinet's Forward Plan for the meeting held on 2 July 2014, and the work programmes of the Adult and Community Services, Children's Services and Environment Overview Committees.

92.2 The Cabinet Member for Children's Safeguarding and Families reported recent action taken by officers and lack of clarity of the current position with community transport and raised her concern for its future and the County Council's investment in it. In view of this, she asked the Committee to investigate current arrangements, invite operators and those involved in community transport for their views, including health partners who also used community transport. The Cabinet Member for Education and Communications added that transport provision for young people to access education and training should also be included. The Chief Executive supported a review of community transport with a view to looking at how the County Council could support it in future across all age groups with a focus on improvement.

Resolved

93. That a review of community transport be undertaken and a scoping report provided for the Committee's next meeting on 22 July 2014.

Exempt Business**Exclusion of the Public****Resolved**

94. That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for minute numbers 95 to 96 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 1 of Part 1 of Schedule 12A and the public interest in withholding the information outweighed the public interest in disclosing that information

Audit and Scrutiny Committee Action Request – 18 February 2014 (Paragraph 1)

95.1 The Committee considered an exempt report by the Chief Executive which set out her response to the Committee's request for action at their meeting on 18 February 2014.

95.2 The Chief Executive explained the process undertaken following the Committee's meeting on 18 February 2014 and the results of her actions.

95.3 Members were content with the action taken.

Resolved

96.1 That actions taken in respect of this matter be noted.

96.2 That no further action be taken in respect of individuals.

The meeting moved to open session.

Forward Together Update – LGA Peer Challenge

97.1 The Committee considered a report by the Chief Executive which provided an update on progress taking forward the recommendations from the Peer Review action plans arising from the Reviews carried out in July 2013 and March 2014.

97.2 The Senior Policy and Performance Manager explained that the action plan relating to communications was being progressed and an external resource had been identified to address some specific issues. An action plan was in the process of being drawn up to address recommendations arising from the review of consultation and research.

97.3 With regard to the current consultation exercise being undertaken (Ask Dorset), officers reported on its success to date. The Cabinet Member for Education and Communications commented that this success should be publicised to encourage more public involvement. It was explained that the results would be reported to stakeholders and the public (through Your Dorset) and used to inform the next Corporate Plan.

97.4 It was noted that members had recently been sent a survey about communication effectiveness which would inform improvements or changes. The need for a central research and intelligence resource was highlighted which the whole authority could use to undertake consultation and engagement more effectively. Officers added that the consultation and research team had moved from within the Environment Directorate to a more central location and as a result was now seen as a corporate resource for use by the whole authority.

97.5 One member referred to the priority to improve the education resource in schools and asked how this would be carried forward if it was identified as a key priority. The Cabinet Member for Education and Communications referred to the Council's statutory responsibility to ensure that schools performed well, and expressed her concern should schools not buy into the school improvement service and this be disbanded, thus leaving schools without support and the Council without an early warning system of potential failure. She also highlighted that Dorset was not performing well with regard to the provision of free school meals for children. In view of these issues, the Committee asked for an update report to be provided later in the year.

Noted**Revenue Budget Monitoring 2013/14 Final Outturn**

98.1 The Committee considered a report by the Director for Corporate Resources on the final outturn position of the budget for 2013/14. The report also sought approval for carry forwards with regard to the Corporate Resources and Chief Executive's Office and

included information about zero-based budgets which the Committee had requested at their meeting on 8 April 2014.

98.2 The Group Finance Manager highlighted that the Corporate Resources budget for 2013/14 had resulted in an underspend of £502k and the Chief Executive's Office an underspend of £63k and carry forwards were proposed for £390k and £54k respectively. The report included information on a proposed approach to zero-based budgeting and contained draft criteria to guide possible pilot areas for service challenge. This was due to be considered by the One Council Group and the County Leadership Team in due course.

98.3 The Chairman referred to the Peer Review finding that the Council's overspends on some budgets were regularly offset by underspends on central budgets and that this was not best practice. He asked that a report be provided for consideration before the Director for Corporate Resources retired at the end of September 2014. The Cabinet Member for Corporate Resources added that there was a pattern of this due to some budgets being demand led and the County's demographic which led to increasing demand.

98.4 With regard to change in the forecast overspend on the ICT budget to an underspend of £179k, it was explained that this related to an over-estimate of costs initially and costs being lower than anticipated.

Recommended

99. That the Cabinet be asked to agree to the carry forward proposals set out in Appendix 1, section 4 and Appendix 2, section 2 of the Annexure to these minutes.

Reason for Decision

100. Close monitoring of the budget position was an essential requirement to ensure that money and resources were used efficiently and effectively.

Non-Directly Employed Contract Workforce – Quarter 4 2013/14

101.1 The Committee considered a report by the Director for Corporate Resources which set out spending on agency staff and consultancy and related staff for Quarter 4. The report also included commentaries from Business Managers on key issues affecting the expenditure and action being taken to manage and reduce it, and proposals for more streamlined reporting arrangements in future. The report had been considered by the Staffing Committee on 6 June 2014.

101.2 The Head of Corporate Finance drew attention to proposals to streamline future reporting on agency and consultancy staff and to a briefing note which had been sent to all members about the use of agency and consultancy staff following an article in the Dorset Echo on 22 March 2014.

101.3 With regard to the Dorset Waste Partnership's spend on agency staff, the Committee noted that work had been undertaken to identify future workforce levels and demand for agency staff in order to reduce spending. Additional agency staff would be needed to provide flexibility whilst the Recycle for Dorset collection service was rolled out across the rest of Dorset. The Cabinet Member for Corporate Resources added that the last tranche of the Recycle for Dorset service would be rolled out in 2015 and that the Dorset Waste Partnership Joint Committee regularly monitored agency spend and sickness absence levels.

Resolved

102. That the proposed future reporting mechanisms be supported.

103.1 The Committee considered a report by the Director for Corporate Resources which presented the draft Annual Governance Statement for 2013/14. This had been prepared in line with the recommendations published in 2007 by CIPFA and SOLACE, the public sector accountancy and local authorities' chief executives organisations, supplemented by additional guidance issued by CIPFA in 2010. The report was considered by the Cabinet on 4 June 2014 and would be considered by the Standards and Governance Committee on 7 July 2014.

103.2 The Head of Corporate Finance highlighted that of the eighty two key features in the governance framework, only ten were considered to be partially compliant; that the Draft Statement included reference to benchmarking undertaken by Grant Thornton although the Council's Auditors had indicated that previous Statements had been adequate; the overspend in the Adult Social Care Budget was £0.5M; and the proposed terms of reference for the member group to be involved in governance compliance assessment and annual governance statement. The Cabinet had not made any amendments to the Draft Statement on 4 June 2014.

103.4 With regard to identifying a representative from within the membership of the Audit and Scrutiny Committee to sit on the member group, it was suggested that this would be either Mike Byatt or Peter Wharf, dependent upon the appointment made by the Standards and Governance Committee.

Noted

Monitoring of Balances of Schools including those converting to Academy Status

104.1 The Committee considered a report by the Director for Children's Services which was provided in response to a request from the Committee for information on the risk of schools converting to academies with deficit balances and the processes in place to monitor maintained school balances.

104.2 The Sufficiency and Funding Manager presented the report in detail. Members noted that schools converting to academy status retained any surplus or deficit balance with no effect on the local authority. However, schools becoming academies through sponsored routes were able to retain surplus balances but leave deficits with the Local Authority. Further guidance issued by the Department of Education in May 2014 confirmed the onus on the Local Authority and officers were currently considering how best to counter this. Of the schools with budget deficits, only one had a deficit budget which posed a risk to the Local Authority and the Schools Forum had agreed to this deficit being paid for by a carry forward from 2012-13 Schools Budget.

104.3 The Chairman explained that the Committee had asked for the report as they were concerned about schools converting and the effects on this might have financially for the Council. The Sufficiency and Funding Manager explained that officers were closely working with schools to reduce budget deficits. At the end of 2013-14, 18 schools had deficit budgets, three of which combined could create a significant risk to the Council.

104.4 The Cabinet Member for Education and Communications explained that the Schools Forum monitored school finances, a role previously undertaken by the School Effectiveness Panel. She recognised that some of the largest deficits had built up over a long period of time, had not been addressed at an early stage and were now at a level where they could not be reduced only maintained at the current level. She thought these deficits warranted close monitoring. One of the schools, given its current deficit, posed a big risk to the Council should it become academy. Consideration was being given to removing delegation of the budget to the school should no improvement be made.

104.5 Members noted that the Children's Services Overview Committee would be considering a report on academies on 1 July 2014. In view of the risk posed to the Council, members asked for a further report on the top five schools with deficits for consideration at their next meeting.

Resolved

105. That a report on the top five schools with deficits be provided for the Committee's meeting on 22 July 2014.

Internal Audit Annual Report – 2013/14

106.1 The Committee considered a report by the Director for Corporate Resources which summarised the work of the Internal Audit Service for 2013/14 and provided an overall positive assurance opinion on the Council's framework of risk management, governance and internal control based upon the internal audit work undertaken during the year. It also provided a summary from the South West Audit Partnership (SWAP) of audit assignments undertaken by them during 2013/14, including the respective assurance ratings, ranking of any recommendations made and details of partial opinions during the last quarter, and evidence in support of the "review of effectiveness of internal audit" as required by the Accounts and Audit (England) Regulations 2011.

106.2 The Head of Internal Audit, Insurance and Risk Management drew attention to the overall positive assurance opinion provided, the External Auditor's assessment of Internal Audit as "fully compliant" and the significant role the Committee had in reviewing the effectiveness of the internal controls.

106.3 The Director of Planning presented the report highlighting the update on the five areas identified for SWAP service improvement the previous year; that all audits would be completed by the end of June 2014; and the schedule of completed audits and areas of partial assurance. He reported that the percentage of completed audit reviews undertaken was 88% as shown in the covering report and not 94% as indicated in the narrative in Appendix A. With regard to the number of partial assurances given, it was explained that this was not an unreasonable number and that for every partial assurance, a follow up audit would be undertaken to ensure that identified actions were implemented.

106.4 With regard to the partial opinion given for the AIS audit area, the Audit Manager explained that this related to the Adult Services case recording system where there were a number of issues. It was hoped that the audit had provided a focus on areas for improvement and a follow up audit would be undertaken shortly. If no improvements were made then this would be reported to the Committee.

Noted

Mobile Devices – Update Report

107.1 The Committee considered a report by the Director for Corporate Resources which outlined progress made with the implementation of new arrangements for managing mobile devices since the Committee considered the matter on 16 April 2013.

107.2 The Head of Dorset Procurement reminded the Committee that in 2012 a number of issues had arisen with regard to the late payment of Vodafone accounts. The Committee had considered a report on 19 April 2013 which outlined progress with implementing new arrangements. Since that time Dorset Procurement had continued to progress the agreed action plan to address the issues and had also identified the benefits associated with these actions. All actions were now complete.

107.3 With regard to network coverage, it was explained that ICT in conjunction with Dorset Procurement decided which networks to work with, bearing in mind the different levels of coverage across the County. It was also confirmed that ICT and the Business Centre kept records of mobile devices and that processes were in place to recover equipment should staff leave the Council's employment. The Head of Internal Audit, Insurance and Risk Management confirmed that the current situation was a huge improvement and that there remained a need for the Council to ensure it had robust arrangements in place if staff were to work more flexibly in future.

Noted

Outside Bodies

108. No comments had been received from members appointed to outside bodies which related to the Chief Executive's Office or the Corporate Resources Directorate.

Questions from Members of the Council

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

Exempt Business

Exclusion of the Public

Resolved

110. That under Section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting for minute numbers 111 to 113 to 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

Progress report on Dorset Development Partnership (Paragraph 3)

111. In view of the number of members of the Committee who were unable to attend the meeting and their interest in this item, it was:-

Resolved

112. That the item be deferred until the Committee's meeting on 22 July 2014.

Durlston Castle Catering Arrangements (Paragraph 3)

113.1 The Committee considered an exempt joint report by the Director for Environment and the Economy and the Director for Corporate Resources which provided an update on progress with the action plan arising from the audit of catering arrangements at Durlston Castle undertaken in 2013.

113.2 The Director for Environment and the Economy reported that ten out of the thirteen actions arising from the audit had been completed and he provided an update on the outstanding three actions.

113.3 Although members recognised that progress had been made, and supported the approach being taken to the three remaining actions, they hoped that a solution would be found shortly. Members asked to be informed of progress.

Noted