

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall
Colliton Park, Dorchester on 22 January 2015.

Present:-

Trevor Jones (Chairman)
Andrew Cattaway, Deborah Croney and David Harris.

Robert Gould (Leader and Cabinet Member for Corporate Resources) attended under Standing Order 54(1).

Officers:

Patrick Ellis (Assistant Chief Executive), Sam Fox-Adams (Head of Policy, Partnerships and Communications), Mark Taylor (Head of Internal Audit, Insurance and Risk Management) and Helen Whitby (Principal Democratic Services Officer).

Other officers attending as appropriate:-

Debbie Ward (Chief Executive), Patrick Myers (Head of Business Development), Andy Smith (Group Finance Manager), John Alexander (Policy and Performance Manager) and Peter Scarlett (Estate and Assets Service Manager).

Public Participation – Minute 23

Declan O'Toole (Director, Forerunner Personal Catering Ltd) and Caroline Morgan (Chief Executive, Local Food Links Ltd)

Also in attendance: Harriet Aldridge and Daniel Deacon, PricewaterhouseCoopers

(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 **17 February 2015**.)

Apologies for Absence

1. Apologies for absence were received from Mike Byatt, Lesley Dedman, Ian Gardner and Peter Wharf. Toni Coombs and Rebecca Knox (Cabinet Members) also sent apologies.

Code of Conduct

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

Minutes

3. The minutes of the meeting held on 16 December 2014 were confirmed and signed.

Matters Arising

Internal Audit Quarterly Report – Minute 196

4.1 The Chairman referred to information sent to councillors following the last meeting by the Director of Planning, South West Audit Partnership, on the amount of money held within imprest accounts. Although the total amounts involved in numerous accounts across the Council was approximately £0.5m the Committee agreed that recommendations and actions had been agreed and, as such, no further action was necessary at this stage and asked that an update on the audit be included in the next quarterly report.

Real Time Passenger Information (RTPI)

4.2 The Chairman reported his continuing concern about RTPI within the Portland-Weymouth-Dorchester corridor, this having been scrutinised by the Committee in 2013. A briefing note had been considered by the Environment Overview Committee 19 January 2015 and this would be emailed to members of the Committee following the meeting.

Pan-Dorset Community Safety and Criminal Justice Board

4.3 The Committee noted that the recommendation regarding the establishment of the Board would be considered by the Standards and Governance Committee on 26 January 2015.

Progress on Matters raised at Previous Meetings

5.1 The Committee considered a report by the Chief Executive which updated members of progress made following discussions at previous meetings.

5.2 With reference to the outstanding action on the Dorset Public Sector Network, as no update was provided for the meeting, the Principal Democratic Services Officer was asked to clarify the position with the Head of ICT and Customer Services.

Noted

Public Participation

Public Speaking

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

6.2 A public statement had been received in relation to the Universal Free School Meals contract and this was recorded at minute 23.

Petitions

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

Work Programme

7. The Committee considered its work programme for 2015.

Noted

Cabinet Forward Plan

8.1 The Committee considered the Cabinet's draft Forward Plan for the meeting to be held on 2 February 2015.

8.2 One Councillor reported that an item reviewing the economic case for reinstating the A350 and C13 was to be added to the Cabinet Forward Plan for a meeting in February or March 2015. In response to whether this item would be considered by the Environment Overview Committee prior to any decision being taken by the Cabinet, the Leader agreed to raise this with the Director for Environment and the Economy.

Noted

Work Programmes of Overview Committees

9.1 The Committee considered the work programmes of the Adult and Community, Children's Services and Environment Overview Committees.

9.2 With regard to whether the Overview Committees were monitoring the aspects of the Corporate Plan they had responsibility for, the Leader reported that they had each

received corporate performance reports which referred to their areas of responsibility. He considered it important for the Corporate Plan to be given more prominence.

Noted

Joint Scrutiny Review Sub-Committee

10.1 The Committee received the minutes of the Joint Scrutiny Review Sub-Committee meeting held on 28 November 2014.

10.2 The Chairman referred to previous difficulties the Sub-Committee had experienced in trying to work effectively for the benefit of the County Council and District and Borough Councils. He suggested that unless there was evidence to show that it was effective, the Council's administrative support for it be withdrawn.

10.3 The Head of Policy, Partnerships and Communications informed the Committee that a workshop was being held the following week when members of the Joint Sub-Committee would consider its role and future, especially as joint working was increasing and needed to be scrutinised. The outcomes of the workshop would be reported to the meeting on 17 February 2015. In the meantime, he asked for the Committee's views on the Joint Sub-Committee's future to feed into the discussion at the workshop.

10.4 It was noted that the Leaders and Chief Executives' Group had recently met and considered whether there should be some dedicated joint scrutiny, particularly in light of the Dorset Waste Partnership's finances. However, this had not been supported because of the existence of the Joint Scrutiny Review Sub-Committee and concern was therefore expressed that there would be no formal scrutiny body for this function should the administrative support for the Sub-Committee be withdrawn. There was a need for partnership arrangements to be monitored carefully with the appropriate authorities being involved in this.

10.5 Other members thought that the Sub-Committee should be more effective and, in view of increased joint working across all local authorities, that appropriate representatives from Bournemouth and Poole should attend the workshop. It was noted that a suggestion had also been made that the Sub-Committee become a Committee in its own right, but this would form part of the discussion at the workshop. The Leader added that although the Sub-Committee had not been particularly effective in the past, it now had the opportunity to undertake a pan-Dorset scrutiny role.

Resolved

11.1 That an engagement exercise with stakeholders on the ideal future model of joint scrutiny be supported. This to include (but is not limited to) individual councils and their scrutiny bodies, the Chief Executives' Group, Leaders' and Chief Executives' Group and Growth Board, the Borough of Poole and Bournemouth Borough Council.

11.2 That the creation of a Steering Group comprised Mike Byatt, Peter Wharf, Steve Butler, Fred Drane and Gill Taylor be agreed.

11.3 That the outline timetable attached at appendix 2 be agreed.

Medium Term Financial Plan (MTFP) Update for Local Government Finance Settlement

12.1 The Committee considered a report by the Chief Financial Officer which dealt with matters arising from the Local Government Finance Settlement and other developments. The report was considered by the Cabinet on 14 January 2015.

12.2 The Group Finance Manager explained that the Local Government Finance Settlement had been as expected and highlighted the current projected overspend of £4m for 2014/15.

12.3 Councillors sought information on how the level of dedicated schools grant compared to previous years and for further details on the implications of the Local Welfare Provision. It was agreed that this would be provided outside of the meeting. The Leader added that although the Government might withdraw funding for the Local Welfare Provision, the Council had made provision for this through savings.

Noted

Revenue Budget 2015/16

13.1 The Committee considered a joint report by the Chief Financial Officer and the Chief Executive which summarised the key issues within the Provisional Local Government Finance Settlement and the impact of the settlement on the budget strategy for the Council.

13.2 The report set out the overall revenue budget position for 2015/16 following the Provisional Local Government Finance Settlement, the budget strategy implications for the Chief Executive's department and details of its proposed savings of £930k under the Forward Together Programme.

13.3 As to whether there would be any effect on the Council's budget arising from the fall in fuel costs, the Group Manager explained that whilst the current pricing reduction was welcome news as fuel prices were often volatile it was too early to say, but this would at the very least be of some benefit to some services.

13.4 In response to how the £1.7m funding gap would be addressed by the Forward Together Programme, the Group Finance Manager explained that since the report had been written it had become apparent that there would be a surplus on council tax collections. This was against the national trend but the Chief Financial Officer was now confident that the gap could be closed.

Noted

Revenue Budget Monitoring 2014/15, including Forward Together Update

14.1 The Committee considered a report by the Chief Financial Officer which provided budget monitoring information as at 30 November 2014. An overspend against service budgets of £5.76m was forecast.

14.2 The Group Finance Manager explained that the report set out the overall revenue budget for 2014/15, a breakdown of the projected overspend on a directorate basis and details of the projected underspends within four service areas of the Chief Executive's department.

14.3 One Councillor referred to previous meetings where there had been discrepancies with regard to ICT information and asked whether the Dorset Public Sector Network overspend was included in the project overspend for the year. The Assistant Chief Executive reported that budgets were now tighter and the ICT restructure had resulted in a reduction in staff and the proposed saving of £400K referred to in the previous report. The £200k overspend reflected the way in which the service was funded, partly by base budget and partly by capital. There had been delays with some projects but staff had been employed in anticipation of them starting and this had led to the forecast overspend position. Measures had been put in place to better forecast service demands in future.

14.4 The Chairman reminded the Committee that the Peer Review had referred to the pattern of significant overspends in some directorates being balanced by underspends in central budgets and that the Chief Financial Officer had previously agreed to provide a report

on this. He asked that this report be provided for the meeting on 17 February 2015. The Leader reported that the Cabinet had discussed this point as part of their consideration of the Medium Term Financial Plan on 17 December 2014. It had agreed to provide additional financial support over the next three years to enable the directorates to put appropriate arrangements in place so that the budgets were in a balanced position at the end of this time. The Group Finance Manager added that the overspend areas were part of the Forward Together Programme with a target to reduce the overspends to zero. £5.7m had been earmarked to support the reduction in overspends over the three year period with the relevant Director being accountable to the Forward Together Board and the Cabinet. Progress updates would be reported through the regular budget monitoring reports the Committee received. The Chairman asked that future reports give comparative figures for the overspends and underspends for 2014/15 and 2015/16.

14.5 The Chairman then referred to a recent seminar on the Care Act and its financial implications for the Council which left him with the concern that budget overspends may not be eliminated in future. The Leader stated that the implications of the Care Act were a key risk for the Council in the future but he assured the Committee that the steps in place would address the over and underspend issues.

14.6 One Councillor referred to the need to deliver a budget reduced by £14m and asked whether the base budget should be reduced. The Assistant Chief Executive explained that some underspends arose as a result expenditure not being needed, but did not want to discourage underspends as this provided resources which could be used to address councillors' priority areas.

Resolved

15.1 That the report be noted.

15.2 That the Chief Financial Officer provide a short report on the Peer Review comments on budget over and underspends and how these had been addressed by the Council.

Corporate Performance Monitoring Report Second Quarter 2014/15 (1 July – 30 September 2014)

16.1 The Committee considered a report by the Chief Executive which presented the results of the monitoring of the Corporate Balanced Scorecard, including the Corporate Plan, for the period 1 July to 30 September 2014. 56% of performance indicators were on target, 8% were 0-5% off target and 33% were more than 5% off target.

16.2 The Corporate Policy and Performance Manager presented the report highlighting the headline issues set out within the executive summary. The Chairman stated that the Council could take direct action in some areas which were under its control but asked what it could do in areas where it had little influence. One councillor explained that closer partnership working might help and referred to work in Weymouth and Poole with Tomorrow People which focused on young people who were in danger of becoming NEETS (not in education, employment or training). The Chairman stated that it would be helpful if an indication could be given as to areas where the Council could take action to ensure targets were delivered.

16.3 Attention was then drawn to the increased total number of personal development reviews completed (65%) but that this was still far short of the target of 85%. The increased performance in the Adult and Community Services Directorate to 75% was particularly commended. Such an increase in one directorate indicated that others could be improved too. The Committee noted that steps were being taken to increase response rates to the regular staff surveys in order to measure cultural change and an action plan was in place to increase staff's understanding of the Forward Together programme and

transformation. Another area highlighted was the return rate for Team Brief which was another means of communication with staff where performance should be improved.

16.4 In response to whether the number of performance indicators more than 5% off target had increased, it was confirmed that overall there had been no increase. However, it was suggested that for clarity direction of travel should be indicated in future.

Noted

Quarterly Asset Management Plan

17.1 The Committee considered a joint report by the Chief Financial Officer and the Director for Environment and the Economy which provided a quarterly update on progress against the current asset management objectives, and buildings, highways, waste management, ICT and fleet management programmes. It also included an overview of the financial performance of the whole capital programme. The report had been considered by the Cabinet on 17 December 2014.

17.2 The Estate and Assets Service Manager presented the report in detail. Particular attention was drawn to the new Asset Management Plan target which would realign the estate along the baseline property portfolio concept and halve running costs by 2020 and the need to encourage managers to identify further assets for disposal.

17.3 In response to a request for more information about the new target of halving running costs by 2020, the Estate and Assets Service Manager explained that this would require services to be delivered in a different way using multi functional hubs which would release obsolete buildings for disposal. As the previous target reduction had been difficult to progress, the Chairman asked whether a mechanism was being put in place to drive this forward as there was nothing currently which provided any incentive for asset disposal. The Estate and Assets Service Manager explained that a report to Cabinet in February 2015 would explain how this would be progressed. But the hubs could only be created through reinvestment of capital receipts. The Leader explained that the original target had been set some five years ago for different reasons and required a reduction in the size of the estate, the new target would be part of the Forward Together programme and focus on reducing maintenance costs. He agreed that there was a need for an incentive to encourage identification of obsolete properties and the new Assistant Chief Executive would be leading this work.

17.4 The Assistant Chief Executive explained that he had led a similar project in his previous post. If the new target was to be achieved, managers would have to regard properties as a corporate asset and look at rationalisation with a view to releasing properties. The smarter computing programme would enable staff to work more flexibly which would lead to more properties becoming obsolete and free for disposal. To this end the Council was adopting the Corporate Landlord approach which meant that all properties were owned by the corporate centre rather than directorates. The Chairman recognised that the new target would be challenging but was keen to ensure that an appropriate mechanism was in place to support this.

17.5 With regard to the Dorset Development Partnership and whether it had performed as expected, the Estate and Assets Service Manager explained that the properties sold had generated larger capital receipts than if the Council had disposed of them itself but admitted that disposals had been fewer than originally anticipated. The Partnership could, however, help find funding for the creation of the new multi-functional hubs.

17.6 The Committee asked that careful consideration be given to future asset refurbishments so as to avoid money being spent on properties which were later identified for

disposal. They asked for a report to be provided for a future meeting on whether the Council had been better off financially by using the Dorset Development Partnership for asset disposal. The Leader supported the need to establish whether this was the case in order to inform any future income generation scheme. It was noted that one councillor had attended a meeting of the Dorset Development Partnership Board and would continue with this role and feedback to the Committee.

Resolved

18.1 That the report be noted.

18.2 That a report be provided on whether the Council had been better off using the Dorset Development Partnership for asset disposal.

Recommended

19. That the Cabinet be urged to establish a mechanism to encourage obsolete properties to be identified for possible disposal.

The Asset Management Plan 2015-18

20.1 The Committee considered a report by the Director for Environment and the Economy on the draft Asset Management Plan 2015-16.

20.2 As a number of changes and updates to asset data were still to be made, the Committee was keen to see the draft finalised plan prior to its consideration by the Cabinet and it was agreed that the finalised plan be considered at the meeting on 17 February 2015.

Resolved

21. That the finalised Asset Management Plan be considered at the meeting on 17 February 2015.

Forward Together Update

22.1 The Committee considered a report by the Chief Executive which provided an update on the programme to date. The report was considered by the Cabinet on 14 January 2015.

22.2 The Head of Business Development presented the report highlighting the need for each of the Forward Together programmes to be actively monitored to ensure that savings and identified benefits were realised. He reported on two recent workshops for Heads of Service which had considered the “one council” approach as a means of helping transformation of the Council’s ways of working in order to increase efficiency and effectiveness. He also highlighted a forthcoming budget workshop for councillors, the two new Boards set up by the Forward Together Board and that the template for programme reporting had been approved by the Cabinet.

22.3 With regard to the Commercialisation and Income Generation Board, it was explained that this would provide a commercial focus for the Council and help generate income to offset any future budget cuts. The Committee noted that it would receive the terms of reference of the Way We Work Board at the next meeting.

22.4 With regard to membership of the Commissioning and Procurement and Commercialisation and Income Generation Boards and whether this was representative, it was explained that membership was appropriate given the responsibilities of the Chief Executive’s Department. The Chief Executive added that the three Boards fed into the Community Leadership Team and were each led by a Director. These would provide a focus and help address the property issues previously reported.

Noted

Action Plan in response to the Audit and Scrutiny Call to Account for the Procurement and Implementation of the Schools Meals Contract across Bournemouth, Dorset and Poole

23.1 The Committee considered a report by the Chief Executive which addressed all the recommendations made by the Committee as a result of the Call to Account on the Universal Free School Meals Contract held on 16 October 2014. The report set out how lessons learned had been implemented into processes, documentation and new accountabilities to provide additional reassurances in the implementation of contracts of a similar size. A copy of an email from St Walburga's School, Bournemouth was distributed to the Committee. This set out the schools concerns about the meals provided during the week beginning 5 January 2015.

23.2 Mr O'Toole, Director of Forerunner Personal Catering Ltd, wanted to make sure the Committee was clear about the consultation undertaken with potential service providers in 2014 as he did not think this had been clear at the meeting on 16 October 2014. He explained that although a meeting had been held with potential service providers about the contract for the provision of school meals, the decision to award the contract to a single provider had already been taken by the time this meeting had taken place. He had email evidence to support this claim and felt the Committee had been misled.

23.3 The Chairman referred to information he had received from the Cabinet Member for Education and Communications and receipt of information from Manor Park School, Dorchester, about the poor quality of food and its presentation. He asked whether the customer satisfaction survey had given any information about Chartwell's performance. The Head of Business Development explained that the survey had concluded before Christmas and although some issues continues to be raised, these were not of the same volume as previously. The Central Production Unit had now opened in Poole, was fully staffed and provided 11,000 meals per day. The Committee noted that a School Liaison Team had been established to ensure the quality and standard was maintained and that the complaint from Manor Park had not been reported within the customer satisfaction survey.

23.4 The Chief Executive explained that the action plan had taken account of the lessons learned identified by the Committee. She recognised that some decisions had not been made properly previously and confirmed that Mr O'Toole's comments had been addressed within the action plan which ensured that there would be a transparent process in future, with clear accountability. She then addressed each of the nine recommendations in turn for the Committee to consider.

23.5 The Committee suggested that the following amendments be made to the action plan:-

Recommendation 1- that it should be clear about what was being procured and why
Recommendation 2 – that it should be clear which single officer on the client side and which Cabinet Member were accountable
Recommendation 4 – that the web pages should specify who representations should be made to
Recommendations 5 and 7 – that adequate steps be taken to ensure that risk registers were shared when dealing with outside contractors and suppliers and that vulnerable groups who were particularly impacted be identified.

23.6 With reference to the new Public Services (Social Value) Act 2012, the Committee noted that policies were being put in place to ensure the Council was compliant. However, this legislation had not been in force at the time the school meals contract was let. It was noted that in Poole, the legislation had been followed even though it had not been in

force and the contract let to local suppliers. The Chief Executive added that with the Council's spending power it had a responsibility to support local jobs and Dorset's economic health and wellbeing.

23.7 In response to the action plan, Mr O'Toole stated that he supported the recommendations but remained concerned that the contract was not being well executed and this was shown by the contact from Manor Park School and because he was still receiving calls from schools wishing to take advantage of his services. The Head of Business Development added that schools were regularly visited at meal times to monitor quality and the contract was robustly managed. He added that £450,000 compensation had been paid to schools.

23.8 The Chairman asked that the recommendations not only apply to contracts of £500k plus but to all contracts, that information about the number of contracts of £500k or more be included in the Cabinet report and he asked that members see the amended recommendations prior to them being submitted to the Cabinet.

23.9 The Committee noted that the Social Value Statement would apply to all contracts in future.

23.10 The Chairman summarised that the call to account had been well worthwhile as the resultant action plan would lead to permanent improvements to the commissioning and procurement processes.

Resolved

- 24.1 That the action plan, as amended in the above minute, be supported.
- 24.2 That the draft Social Value Statement which sets out the authority's commitment to local outcomes from commissioning and procurement activity be supported.
- 24.3 That an update report be provided in six months time.

Outside Bodies

25. No reports had been received from members appointed to Outside Bodies, Joint Committees and Consultative Panels which related to the Chief Executive's Department.

Noted

Questions from County Councillors

- 26. No questions were asked by councillors under Standing Order 20(2).

Meeting duration: 10.00am to 12:50pm