

Audit and Scrutiny Committee

Minutes of a meeting held at County Hall,
Colliton Park, Dorchester on 24 November 2015.

Present:-

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

Robin Cook (Cabinet Member for Corporate Development) and Rebecca Knox (Cabinet Member for Communities, Health and Wellbeing) attended under Standing Order 54(1).

Officers:

Mark Taylor (Head of Assurance, Risk and Audit) and Helen Whitby (Principal Democratic Services Officer).

Other officers attending as appropriate:-

Patrick Ellis (Assistant Chief Executive), David Hill (Director of Planning, South West Audit Partnership), Jim McManus (Chief Accountant), Patrick Myers (Head of Corporate Development), Moya Moore (Principal Auditor, South West Audit Partnership), Richard Pascoe (Head of ICT and Customer Services), Chris Scally (Joint Commissioning Manager) and David Wilkes (Finance Manager (Treasury and Investments)).

(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 **15 December 2015**.)

Apology for Absence

223. An apology was received from Deborah Croney.

Code of Conduct

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

Minutes

225. The minutes of the meeting held on 15 October 2015 were confirmed and signed.

Progress on Matters raised at Previous Meetings

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

Noted.

Public Participation

Public Speaking

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

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

Petitions

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

Work Programme

229.1 The Committee considered its work programme for 2015/2016.

229.2 With regard Minute 209 and the action plan on co-production and community capacity building, the Head of Corporate Development confirmed that this would be reported to the meeting on 21 January 2016.

229.3 Members noted that a report on Lessons Learned from the creation and running of Tricuro during its first six months of operation would be considered on 21 January 2016. The reference to an update on Tricuro's business case would be incorporated into this report so the reference to a further reported could be deleted.

Noted

Cabinet Forward Plan

230. The Committee considered the Cabinet's draft Forward Plan for the meeting to be held on 16 December 2015, which was published on 17 November 2015.

Noted

Support Services Transformation – Results of Consultation

231.1 The Committee considered a report by the Assistant Chief Executive on proposals for Support Services Transformation as part of their overview function for the Chief Executive's Department. Members had also been provided with a copy of an update report which summarised the outcomes of the recent public consultation exercise on four options being considered.

231.2 The Assistant Chief Executive explained the reasoning behind the need for support services to be transformed, the involvement of PA consulting, the development of the four possible options for their future delivery and the recent public consultation exercise undertaken. The results of the consultation would be considered by the Cabinet on 16 December 2015 when it was hoped they would identify options for further development. The Committee's views were sought to inform this decision.

231.2 The Chairman asked whether the report suggested a clear favoured option, the Assistant Chief Executive confirmed that it did not. At the time the report was written the consultation had not concluded and further analysis and discussion with suppliers were being undertaken and so the report had not included a preferred option. The Chairman also asked whether other authorities were all pursuing a single option. There was no cleared favour option in the approach undertaken by other local authorities who were taking different approaches based on their own particular circumstances. The aims of the transformation were to reduce costs, provide effective services and enable the wider transformation within the Council. The Cabinet Member for Corporate Development added that examples of steps taken by other local authorities were included in the report and the results of the consultation had been summarised within the updated report provided.

231.3 Members were concerned that any decisions taken now should not adversely affect future opportunities for the Council. Any decisions taken should, therefore, include a degree of flexibility. They also wanted smart targets to be identified so that options could be assessed against clear criteria, progress could be measured and to show that options were

achievable. It was confirmed that these targets would be developed as the business case moved to outline business case and then full business case.

231.4 The Assistant Chief Executive stated that by 2017/18 the Council would need to have improved transactional processes, developed different offers for customers, enabled cultural change within the workforce, and that demand for digitally enabled services would have significantly increased. Most importantly the support services transformation would support the wider transformation within the Council. He agreed that any future options had to provide for flexibility

231.5 Members sought assurance that any new ICT systems would not incur additional costs for modifications, and that current systems were being used to best effect. The Assistant Chief Executive said the evaluation showed that the existing systems were not being used to best effect. This was partly due to the level of investment in the systems but also because, when the systems were introduced, insufficient change management work was done to ensure that staff (both in front line and support services) changed their working practices to help optimise the systems. This was a key lesson for the introduction of new systems such as SharePoint.

231.6 The Chairman summarised that the consultation had identified Option One followed by Option Two as the preferred options, with little or no support for Options Three and Four. He drew attention to the Council's historic difficulty with multi organisational arrangements and, should one of these options be pursued, the Council would need to guard against vulnerability should partners decide to leave the arrangement at a later date. He referred to the need for smart targets to be identified so that options could be seen to be achievable and progress measured and for innovative and creative ideas for income generation to be encouraged.

Recommended

232.1 That, in the light of the recent consultation exercise, the Cabinet note that Option 1 is the preferred Option, followed by Option 2.

232.2 That the Cabinet ask for SMART targets for 12, 24 and 36 months' time to be identified so that progress can be measured.

232.3 That the Cabinet encourage innovative and creative ideas for income generation.

Annual Audit Letter 2014/15

233.1 The Committee considered the Annual Audit Letter 2014/15 from KPMG.

233.2 The Committee noted that the audit fee had increased as a result of additional work being undertaken to ensure that the Council was getting value for money as a result of the findings of the various Dorset Waste Partnership reviews previously carried out.

Noted

Review of Council Tax Single Person's Discount

234.1 The Committee considered a report by the Chief Financial Officer which provided an update on the control environment and work carried out into the review of the Council Tax Single Person's Discount.

234.2 The Chairman distributed a suggested recommendation for the Committee to consider which recognised the Council's financial gains from the review, sought assurance that efforts would continue to identify and minimise ineligible claimants and asked for future reviews to be undertaken in a proactive and timely manner.

234.3 The Chief Accountant presented the report highlighting that the review had initially been requested in 2010. The outcome had resulted in additional income for the Council and an increased tax base for future years. It was noted that results of work in the South Dorset Partnership were awaited and a note on the outcome would be provided for the next meeting.

234.4 Members were disappointed at the length of time taken for the review to be completed but thought the additional income of at least £300k justified the review's cost of £15k. Members agreed the Chairman's amended recommendation and asked officers to draft a letter for the Chairman to send to the Chairman of the Dorset Finance Officers Group.

Resolved

235.1 That the Committee acknowledges and welcomes the financial gains that have been achieved as a direct result of the recent Review of Council Tax Single Person Discounts across the six district/borough councils in Dorset. This exercise has resulted in at least an additional £300k windfall gain for the County Council. However, in light of the severe financial conditions that councils are facing, the Chief Financial Officer is requested to seek assurances from district and borough council partners that all efforts are continuing to be made to identify and minimise any ineligible claimants. A commitment is also sought that future review exercises are undertaken and progressed in a proactive and timely manner.

235.2 That officers draft a letter for the Chairman to send to the Chairman of the Dorset Finance Officers Group.

Reason for Decision

236 In order to ensure that Local Authorities receive all income due to them, they must take appropriate steps to make sure that discounts are only allowed when claimants are entitled to them.

Treasury Management Update

237.1 The Committee considered a report by the Chief Financial Officer which provided an update on the economic background, its impact on interest rates, performance against the annual investment strategy, an update on any new borrowing, any debt rescheduling, compliance with the Prudential Code and an update on the deposits held with Icelandic Banks.

237.2 Members noted that overall there was nothing within the report to give them concern.

Noted

Internal Audit Quarterly Report

238.1 The Committee considered a report by the Chief Executive which summarised the work of the Internal Audit Service.

238.2 It was noted that audit plan progress was slightly behind but this would improve once the new Assistant Director was in post in January 2016. All audits for 2014/15 had been completed and members noted that a follow up audit of Country Parks was to be undertaken in respect of the partial assurance opinion issued.

238.3 In response to a question, it was confirmed that action plans had been agreed in connection with areas with a partial assurance opinion and follow up audits would be carried out. Any concerns would be reported to the Committee.

238.4 Attention was drawn to the previous establishment of an informal Panel on Country Parks and a request made that information relating to the audit of Country Parks be shared with them.

238.5 In relation to the total number of audit recommendations and whether performance was improving, the Auditors considered that overall there was a reasonable level of assurance, with management responding to any recommendations.

Resolved

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

239.2 That those audit assignments which have been given a “Partial” assurance opinion, but are not considered to present significant risks to the Council’s overall operations be noted.

239.3 That those audit assignments which have been allocated either a “Substantial” or “Reasonable” assurance opinion, where it has generally been concluded that controls are operating satisfactorily be noted.

239.4 That the audit review of Country Parks be forwarded for consideration of the Policy Development Panel on Country Parks.

Reason for Decisions

240. To contribute to the Council’s aim of “Effective Public Services” by providing assurances, or otherwise, on the Council’s systems and procedures that have been subject to Internal Audit reviews completed during the period 1 July to 30 September 2015.

ICT General Control Environment

241.1 The Committee considered a report by the Assistant Chief Executive which was provided in response to a concern expressed at the Committee’s meeting on 15 September 2015 in connection with the External Auditors “Report to those charged with governance”.

241.2 The Head of ICT and Customer Services presented the report highlighting the progress since the previous report. The Internal Auditors had reviewed four key areas of risk and provided a reasonable level of assurance over the controls in place around the core financial system. Of the twelve recommendations, eleven were at priority level 3. The remaining one concerned business continuity and this was at priority level 4. There was to be a full test of business continuity in mid 2016.

241.3 Members asked that a report on the outcomes of the business continuity test be reported to the meeting on 16 July 2016 and they asked that the South West Audit Partnership provide a level of independent assurance about the process.

Resolved

242.1 That a report on the business continuity exercise to be undertaken in mid 2016 be provided for consideration at the meeting on 16 July 2016.

242.2 That South West Audit Partnership be asked to provide independent assurance about this process.

Reason for Decisions

243 To provide the Committee with assurance over the controls relating to the operation of DES.

Forward Together Update

244.1 The Committee considered a report by the Cabinet Member for Corporate Development on the progress of the Forward Together programme across the Council, including Budget Workshops, Forward Together Boards and Early Help and Prevention.

244.2 In relation to the need for pressure on the Council's budget to be addressed, attention was drawn to a member budget briefing to be held on 8 December 2015. This would detail how the budget would be brought back into balance for 2015/16 and address savings from 2016/17. Members were also provided with an overview of the Commissioning and Procurement Board and the Commercialisation and Income Generation Board. They also noted that future highlight reports would be based on exception reporting. Members suggested that the names of the Boards be reviewed for clarity of purpose.

244.3 Members were concerned that Forward Together had now become part of the fabric of the organisation and had lost enthusiasm and impetus. They suggested that action be taken to address this. It was explained that the focus was now on Forward Together 2020 and that steps were being taken to re-invigorate this. The Cabinet Member for Corporate Development confirmed that this had already been flagged and agreed that the Boards' titles should be reviewed.

244.5 With regard to the smarter computing programme and why the number of devices needed had been underestimated, the Head of Corporate Development would investigate and provide this information outside of the meeting.

Noted**Pan-Dorset Community Safety Partnership Arrangements**

245.1 The Committee considered a report by the Director for Adult and Community Services which set out new community safety partnership arrangements, including terms of reference for both the Dorset Community Safety Partnership and the pan-Dorset Community Safety and Criminal Justice Board, with a view to recommending these changes to the Cabinet.

245.2 The Cabinet Member for Communities and Health and Wellbeing, as Chairman of the Dorset Community Safety Partnership, presented the report explaining why the previously agreed arrangements had to be amended following advice from the Council's Monitoring Officer.

245.3 With regard to scrutiny of the Dorset Community Safety Partnership, members noted that it was the Committee's responsibility to carry out this function on behalf of the Council and that this would need to be taken into account in the current review of scrutiny arrangements.

Recommended

246. That the Cabinet agree to the proposed new community safety partnership arrangements, including the terms of reference for both the Dorset Community Safety Partnership and the pan-Dorset Community Safety and Criminal Justice Board.

Reason for Recommendation

247. To ensure the future success of partnership work to sustain safe communities in all areas of Dorset.

Bidding Procedure to Manage External Funding Activity

248.1 The Committee considered a report by the Chief Executive which provided details of the bidding procedure, cost benefit analysis, reasons why bids failed and an explanation of criteria used to manage bidding activity. The report had been provided at the request of the Committee on 21 July 2015.

248.2 The Committee noted that although the level of bidding had reduced, the Council had been successful in 72% of its bids, resulting in funding of £99.3M being obtained over the last three years. Currently bids were signed off by Heads of Service, or above, and included information about the resulting benefits. There was a need to ensure that this practice was being followed and it was highlighted that there was a question about the availability of resources to support future bids.

248.3 Members thought that any future bids should support the Council's corporate priorities and the Corporate Plan and be outcomes focused. They supported the development of a strategy for external bidding activity and that this should also take into account the possibility that bids may be undertaken by voluntary or other organisations in future.

Recommended

249. That the Cabinet develop an external bidding strategy based on Corporate Priorities and the Corporate Plan.

Reason for Recommendation

250. The development of appropriate and effective resources, systems and strategies for managing external funding bidding activity would help the authority to deliver the priority outcomes for the communities we serve.

Resolved

251. That an update be provided for a future meeting.

Outside Bodies

252. 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

Member Champions

253. No reports had been received from Member Champions.

Noted

Questions from County Councillors

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

Meeting duration: 10.00am to 12.30pm

Chairman
15 December 2015