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DORSET COUNCIL - AUDIT AND GOVERNANCE COMMITTEE

MINUTES OF MEETING HELD ON MONDAY 10 AUGUST 2020

Present: Cllrs Matthew Hall (Chairman), Richard Biggs (Vice-Chairman), Simon Christopher, Susan Cocking, Brian Heatley, Nocturin Lacey-Clarke, Mike Parkes, Bill Pipe and Bill Trite

Apologies: Cllr David Gray

Officers present (for all or part of the meeting):

Bridget Downton (Head of Business Insight and Corporate Communications), Aidan Dunn (Executive Director - Corporate Development S151), Marc Eyre (Service Manager for Assurance), Jonathan Mair (Corporate Director - Legal & Democratic Service Monitoring Officer), Jim McManus (Corporate Director - Finance and Commercial), Susan Dallison (Democratic Services Manager) and Fiona King (Democratic Services Officer)

88. Apologies

An apology for absence was received from Cllr David Gray.

89. Minutes

The minutes of the meeting held on 7 July 2020 were confirmed and signed.

90. Declarations of Interest

No declarations of disclosable pecuniary interests were made at the meeting.

91. Public Participation

There were no representations from parish or town councils or from members of the public.

92. Dorset Council EU Exit Preparations

The Committee received a presentation from the Executive Director of Place, which highlighted the areas of risk as detailed on the EU Exit Risk Register along with the implications for Dorset Council and the Economy of Dorset. The presentation is attached to these minutes as an annexure.

The Executive Director advised that as Britain had now left the EU, we were in a transitional period and in the D20 period. This was the period when preparations needed to be finished. The various extensions granted had enabled more time and thought to be put into the preparations and the level of

support from the Government had stepped up. He noted that various plans and communications had now been completed.

In respect of business support Dorset Council and Bournemouth, Christchurch and Poole Council had jointly funded a post at the Chamber of Commerce and regular updates had been received as a result of this.

The EU Exit Update Risk Register was highlighted to members and one of the direct risks was the issue of transferring data between the EU and the UK and the data protection law was critical to this information. The Government asked councils to review where data was being housed. Mitigations and plans now been developed to manage the risks for Dorset Council's data.

The Service Manager for Assurance highlighted the potential for a concurrent event and highlighted the potential for rebranding for D20.

Cllr Pipe noted that there were 34 medium risks and 16 low risks and considered if there were any complications arising from this. The Service Manager for Assurance advised that realistically a number of the risks would stay at the medium level as they had a higher level of impact on the organisation. Some would be reduced and some would sit naturally at the medium level. Some things may become clearer as time passes which was why it was important to keep the Register under review. The Executive Director explained that COVID had produced a slowdown of the flow of goods, and this had therefore given the opportunity to assess the impact of such a situation under EU Exit. The more difficult issue to assess at the current time is the labour market impacts particularly in respect of the care sector which is being kept under close review by the service. Following a question about members' corporate parenting responsibilities and whether the council could apply on behalf of a young person for them to stay in the county, the Executive Director undertook to ask the Executive Director for Children to respond on this outside of the meeting.

In response to a question from the Chairman about whether the 34 medium risks were broadly mixed, the Service Manager for Assurance advised that not one of the themes had a significant number of risks and that they were broadly spread.

Cllr Parkes asked about any budgetary implications for the Council having to take over additional regulatory actions. The Executive Director advised that this work within these had been redeployed assessed and reprioritised. The teams have largely shifted this around with other regulatory work. This had been a reallocation of priorities thereby not impacting on the budget at this time. The Regulatory team had been aware there would need to be some changes to their workloads. The Executive Director will continue to monitor this going forward.

Cllr Lacey-Clarke was surprised that the supply chain was only listed as a medium risk but accepted that some mitigation must have taken place already. The Executive Director advised that a lot of work had taken place in procurement, officers had made contact with all businesses in the supply

chain to ensure business continuity plans were in place with the businesses. This mitigation was then added to the council's risk profile. He suggested it might be helpful for members to review the COVID risk register and undertook to update members further at a future meeting.

The Vice-Chairman made reference to real shortages in the building industry for certain supplies as a result of COVID and wondered if this situation could potentially be worse. The Executive Director explained that by writing out and seeking assurance from all suppliers this would help to mitigate this. The wider issue was the care market and the direct risk to the Council as there are a number of large providers in that market. Colleagues in Adults Services were monitoring this very closely.

Cllr Christopher made a point to regarding market competitiveness in relation to county farms estate, which had also been made by the county landowners magazine regarding remaining EU countries engaging in sector subsidies. The Executive Director advised that officers were working closely with all council tenants, on a case by case basis. Support would be provided if necessary. He assured members this was something that was actively in hand at the current time.

Cllr Heatley made reference to possible concurrent events ie COVID, flu, bad weather etc and felt it was important to think about widening the exercise to include implications on care homes and support for older people. The Executive Director advised that the Local Resilience Forum had retained the Strategic Coordination Group (SCG) which had started the process of looking at the concurrency of other civil contingency events to ensure capacity within the public service system. More preparation and exercising would be taking place over the next period. The Service Manager for Assurance highlighted the Contingencies Working Group to members.

Cllr Trite made reference to Strengthening Towns funding and considered if the Council could perhaps apply for this. The Executive Director advised that the Council did bid for every opportunity for funding that it could but had no specific update on this particular strand of funding at the current time.

The Executive Director highlighted to members the economic impact of the EU Exit and noted the changes in key sectors in Dorset that had already happened as a result of COVID. In respect of residential and homecare post COVID, fewer people were now choosing residential homes and opting for homecare. This was an important area for the Council and the Senior Leadership Team received regular updates from the Executive Director Adults on the fast changing situation in the care market.

Following a question about updated funding figures on the website, members were advised that in the Local Enterprise Partnership (LEP) area £45m had been received from the EU structural investment fund in the period 2014-2020. During COVID the Council distributed over £100m in grants to businesses in the Dorset Council area alone.

The settlement scheme was highlighted but it was difficult to know the impact on recruiting skilled workers in the future as COVID had left the labour market quite weak.

Cllr Cocking made reference to the hospitality and tourism business sectors and the effects to those businesses as a result of COVID, it would be a fragile economy moving forward. The Executive Director advised that this was being monitored closely. The challenge would be that once Government support came to an end what the particular position that sector was in.

Following a discussion the Executive Director undertook to update members further at a future meeting. The Chairman felt it would be helpful to also receive updates after December to see what was happening then.

Decision

That members receive further regular updates from the Executive Director for Place.

93. Value for Money - Policies and Procedures

Members considered a report from the Executive Director for Corporate Development which set out a proposal to develop a value for money framework and timeline setting out how to implement value for money (vfm) benchmarking of all services to feed into a prioritisation exercise for conducting fundamental value for money reviews of all the council's services

The Executive Director for Corporate Development advised members that whilst at present the Council did not have a systematic approach to reviewing every service in relation to vfm, this did not mean that there was no work going on. A range of work was underway to deliver value for money in different service areas but more work needed to be done to ensure this was consistent across the council so that effective assurance could be provided.

Following a comment from Cllr Christopher regarding the concept of best value he asked how many council officers were members of the Chartered Institute of Public Procurement. The Head of Business Insight undertook to respond to this outside of the meeting. She advised that the method being proposed was very similar to the approach of best value it was a sound basis of how to carry out fundamental reviews. A lot of this activity was already going on within the council, it just needed to be brought together to provide assurance and to give a consistent approach. Cllr Christopher felt it would be helpful to share the documents from the Chartered Institute for members.

Cllr Heatley would have liked to have seen some examples of measures but felt this would come in due course. He noted that the introduction of the 4th principle was not mentioned in the recommendation and questioned if this went wider than ongoing services i.e. climate change. The Head of Business Insight advised officers were looking at service planning and how it linked to vfm along with equality impact assessments. They were also looking at an

equality and diversity strategy and there would be links between this and those actions.

Following a question from the Chairman about if following a decision from the Cabinet would this item come back to Audit for assurance, the Head of Business Insight advised that once the timeline was in place work would be undertaken regarding engagement with members and the links with performance reporting.

The Vice Chairman highlighted the need to challenge ourselves to perhaps think differently. He asked about the need to challenge any part of our service that has been outsourced. The Head of Business Insight confirmed outsourced activities would also be looked at. She added that the matrix approach was helpful and enabled the process of asking questions to begin.

Following a question from Cllr Christopher about engaging with local business and contractors to encourage them to tender for council work, the Executive Director for Corporate Development highlighted all the different ranges within the council along with differing procurement regulations but assured members officers were keen to spend local. The Resources Committee were looking at this and would feed into the procurement strategy. He added that engagement events for local suppliers were held but the need to make the procurement framework accessible and low cost whilst securing vfm was vital.

Cllr Trite noted that members do sometimes receive a few adverse remarks from residents about the council contracting from outside the area. The Head of Business Insight advised that the intention was to try and remove as much bias as possible by implementing a systematic review to achieve a level of consistency.

Decision

That the Cabinet be asked to agree to develop a value for money framework and timeline setting out how it will implement value for money benchmarking of all services to feed into a prioritisation exercise for conducting fundamental value for money reviews of the all the council's services.

94. Forward Plan

The Committee's Forward Plan was reviewed.

The Chairman highlighted that the proposed agenda for the September meeting was looking quite full and asked if this was achievable or whether an additional meeting would be required. The Executive Director for Corporate Development felt it could be achieved within the 3 hour timescale but it might be helpful to alert members that the meeting might continue into the afternoon if necessary.

In advance of the Annual Council meeting in September, the Chairman thanked the members of the Committee and the officers for all the work that had been undertaken to ensure the smooth running of the committee.

95. Urgent items

There were no urgent items of business.

Duration of meeting: 10.00 - 11.24 am

Chairman

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EU Exit Update

Audit and Governance
Committee, 10th August 2020

EU Exit Update – Risk Register

- 50 risks on EU Exit Risk Register. None identified as “High” (34 Medium; 16 Low);
- Commenced review of risks with risk owners;
- Key “Medium” risk themes:

Supply Chain

Concurrent Event

Social Care

Housing

Recruitment /
Retention

Community Safety

Dorset Economy

Market
Competitiveness

Regulatory

Data Transfer

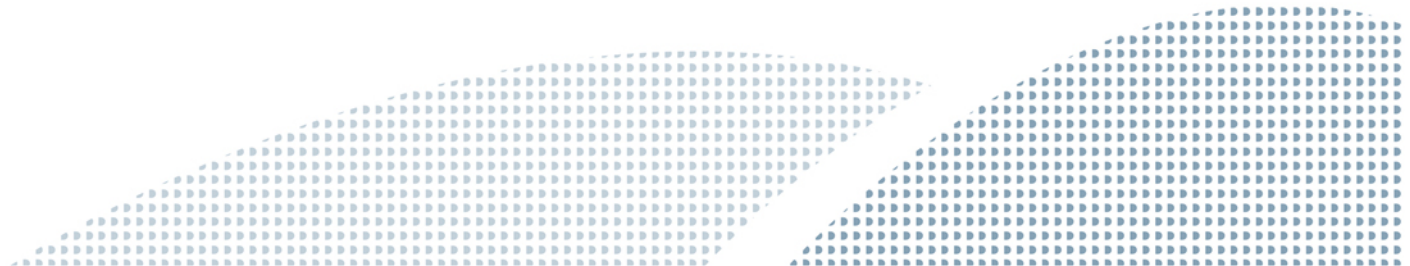
EU Exit Update

Background:

- **Implications for Dorset Council:**
- **New or increased responsibilities**
- **Direct risks**
- **Indirect risks**

Dorset Economy:

- **Pre Covid-19 economic impact analysis**
- **Economic impacts and Covid-19**
- **The EU Settlement scheme and labour market impacts**



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