

## SCRUTINY COMMITTEE FOR AUDIT, BEST VALUE AND COMMUNITY SERVICES

MINUTES of a meeting of the Scrutiny Committee for Audit, Best Value and Community Services held at County Hall, Lewes on 1 September 2011.

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PRESENT - Councillor Sparks (Chairman)  
Councillors Barnes (Vice-Chairman), Ensor, Lambert, S Shing, B Tidy and Whetstone.

Councillors Freebody & Glazier were in attendance for item 9

OFFICERS - Simon Hughes, Assistant Chief Executive  
Sean Nolan, Director of Corporate Resources  
Duncan Savage, Assistant Director, Audit and Performance  
Amanda Walker, Deputy Director of Finance  
Philip Baker, Assistant Director, Legal and Democratic Services  
Russell Banks, Principal Audit Manager  
Jane Mackney, Head of Policy and Performance  
Rawdon Phillips, Insurance and Risk Manager  
Paul Dean, Scrutiny Manager  
Harvey Winder, Scrutiny Support Officer

ALSO PRESENT - Richard Bint, Janine Combrink & Leigh Lloyd-Thomas - External Auditors, for item 5

### 16. MINUTES

16.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 1 June 2011.

### 17. DECLARATIONS OF INTEREST

17.1 Councillor Ensor declared a non prejudicial interest as a governor for Bexhill High School.

### 18. REPORTS

18.1 Copies of the reports on the matters dealt with in the minutes below are contained in the minute book.

### **Audit Items**

### 19. REVIEW OF THE ANNUAL GOVERNANCE REPORT AND STATEMENT OF ACCOUNTS

19.1 The Committee considered a report by the Director of Corporate Resources and the external auditors following their audit of the Council's statutory accounts.

19.2 The Committee thanked all staff involved in the Council's successful transition to International Financial Reporting Standards (IFRS) accounting during uncertain financial times. The Committee shared the concern of the Director that the new required reporting standards could make the general public understanding of the accounts even harder to achieve.

19.3 RESOLVED – (1) to note the reports and their appendices; and

(2) that there were no identified concerns arising that needed to be brought to the attention of the Governance Committee

## 20. RISK MANAGEMENT ANNUAL REPORT 2011

20.1 The Committee considered a report by the Director of Corporate Resources to update the Committee of the developments in Risk Management in the past 12 months and proposed actions for the next 12 months.

20.2 The Committee welcomed the Contractors Insurance Top-Up facility which had been developed as a direct result of recommendations made by a previous scrutiny review. They agreed that the facility would lead to a broader tender list of Small and Medium Enterprises (SMEs) available to the Council, which in turn should lead to lower costs.

20.3 The Committee asked that officers consider whether the facility could be extended to highways works, including the hedge and finger post maintenance currently undertaken by parish and district councils, and to council departments other than Highways and Children's Services. Officers agreed to explore this with the Council's insurance brokers and the insurance provider.

20.4 The Strategic Risk Log in Appendix 1 had the "Likelihood" and "Impact" columns in a different order to the Departmental Risk Log in Appendix 2. In both cases the likelihood should precede the impact.

20.5 The Director of Corporate Resources clarified that the likelihood and impact related to, "Failure to work effectively with other public sector bodies to rationalise the public estate and reduce overall costs" were 2 and 3, respectively.

20.6 RESOLVED – The Committee endorsed (1) the developments in risk management in the last 12 months;

(2) the updated Strategic Risk Log and

(3) the proposed actions relating to; continued support to Departmental Risk Co-ordinators, the schools risk ranking surveying exercise commenced in 2009, Risk Management training and The Contractors Insurance Top-Up facility (Section 6.1-6.4 refers).

## 21. INTERNAL AUDIT PROGRESS REPORT: QUARTER ONE

21.1 The Committee considered a report by the Director of Corporate Resources summarising the key audit findings and progress on delivery of the audit plan and performance of the Internal Audit Service during Quarter 1.

21.2 Members considered that the increasing independence in the governance of schools raised fundamental questions about who is accountable when things go wrong, especially with regard to financial risks, and the extent to which the Authority has the power to enforce compliance by schools / governing bodies to corporate policies and procedures. Officers confirmed that work was already in progress to define the relative duties and responsibilities of schools and the local authority. Members recognised that the Authority would still retain a duty of care towards schools and the public funds they received, and that a part of this duty would be to provide best practice advice on managing risk across all their functions.

21.3 Members considered that increased independence in the governance of schools makes it harder for the Authority to take preventative measures against risks for which the

Authority itself is ultimately liable, for example through employment tribunals or for Health and Safety matters.

21.4 The Committee considered that LEA appointed governors play an increasingly significant role in helping to ensure that good governance and leadership is developed and maintained. Consequently the Committee intends to revisit the Scrutiny Review of Services for School Governors to consider whether greater positive influence can be exerted through Authority appointed governors.

21.5 RESOLVED – The Committee (1) Noted the Internal Audit Progress Report; (2) requested that a paper setting out the relative roles and responsibilities of schools and the local authority be brought to a future meeting; and: (3) the chairman of the Children Services Scrutiny Committee undertook to see if there was any benefit in revisiting the Scrutiny Review of Services for School Governors in response to the issues raised as a result of the audits carried out during Quarter 1.

## 22. TREASURY MANAGEMENT: UPDATE AND REVIEW OF THE TREASURY MANAGEMENT AND THE TREASURY PERFORMANCE STRATEGY

22.1 The Committee were asked to consider the review of Treasury Management activity by the Director of Corporate Resources.

22.2 The Committee thanked the Treasury Management Team for their prudent fiscal planning.

22.3 RESOLVED – To note the presentation on Treasury Management in the context of the Annual Stewardship report and the Treasury Management performance in 2010/11.

### **Scrutiny Items**

## 23. RECONCILING POLICY, PERFORMANCE AND RESOURCES

23.1 The Committee considered a joint report by the Chief Executive setting out the detailed planning for 2012/2013 and beyond as outlined in the State of the County report. The Committee's views were sought on the policy steers for the services under its purview and their contribution to the objectives of the Council, particularly in light of work carried out during the last year.

23.2 The Committee made the following comments about proposed policy steers for 2012/2013:

### **Strategic Management and Economic Development (SMED) Portfolio**

- The policy steers for the Strategic Management and Economic Development (SMED) portfolio are split between the purview of the Audit, Best Value & Community Services (ABVCS) and Economy, Transport & Environment (ETE) Scrutiny Committees. The Committee considered the whole of the SMED portfolio should fall within its scrutiny remit.
- On the other hand, it is more efficient for each service area to be scrutinised by only one scrutiny committee. The Chairmen of the two committees should meet to decide under which purview individual economic development policy steers fall and to ensure the comments made are complementary.
- Reference to improving equity and equality should be retained as a distinct element within the policy steer for strategic management.

- Policy steers where relevant should reflect the fact that most council activities are now done in conjunction with partners.

### **Community & Resources**

- The Committee wanted to see the nationwide drive towards rationalisation of council owned assets incorporated into the policy steers. The Lead Member explained that the process was driven by external forces rather than the Council and consequently it would be difficult to reflect as a policy steer.
- The Committee wanted to emphasise in the policy steers the importance of the Council's drive towards maximising the use of its property assets, as generally the public are not aware of such matters. The Lead Member questioned whether it was too specific an activity to include as a policy steer but undertook to consider the request.
- The Committee suggested adding the policy steer, "driving down property costs in partnership with others in the public sector".

### **Community Services**

- The policy steer, "Work with the voluntary and community sector to build capacity":
  - (1) Should include reference to the partnership working the Council undertakes with the public sector.
  - (2) Should encapsulate the idea of creating more resilient communities through building social capital.
  - (3) Should emphasise that the council is being "more active in promoting and developing" rather than simply "working" with the CVS.
- The term "our long term goal" (p.316) should be changed to reflect the more immediate aspirations of the Council in relation to working with the CVS.
- Policy steer 2 should reflect the idea of partnership working in a cultural sense, given the increasing prevalence of partnership working in local authorities.

23.3 RESOLVED – (1) To inform Cabinet of the comments above;

(2) establish a Scrutiny Board to act on behalf of the Committee to provide ongoing input into the RPPR process until March 2012 comprising Councillors Sparks (Chairman), Barnes, Shing and B Tidy to meet on 22 December 2011 to consider draft Portfolio Plans.

### **24. SCRUTINY WORK PROGRAMME**

24.1 The Committee considered a report by the Director of Governance and Community Services setting out the Committee's planned programme of work for the forthcoming year.

24.1 RESOLVED – to add to the Committee's programme of work for 2011/12 as follows:

- An away day involving a tour of The Maltings with an update on The Keep, workshops from officers involved with Community Services and work planning to identify potential topics for Best Value reviews should be arranged for the autumn.
- Key representatives of the voluntary sector should be invited to give a presentation to Members on their outlook of the voluntary sector and its relationship with the Council and public sector in general.

- Officers should present a report to the Committee updating them on the South East 7 (SE7) at the next committee meeting.
- Undertake a speedy review of the issues surrounding the appointing of LEA Governors explored in the Scrutiny Review of Services for School Governors in November 2008.

25. FORWARD PLAN

25.1 The Committee considered the Forward Plan for the period 6 September 2011 to 26 January 2012.

25.2 RESOLVED – to note the Forward Plan.