

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 6 November 2012.

- PRESENT - Councillor Paul Sparks (Chairman), Councillors John Barnes, Michael Ensor, Carolyn Lambert, Stephen Shing, Bob Tidy and Francis Whetstone
- OFFICERS - Simon Hughes, Assistant Chief Executive, Governance and Community Services
Duncan Savage, Assistant Director, Corporate Resources, Audit and Performance
Fiona Wright, Assistant Director (Schools, Youth and Inclusion Support)
Russell Banks, Principle Audit Manager
Andrew Forzani, Head of Procurement
Laura Langstaff, Deputy Head of Procurement
Harvey Winder, Scrutiny Support Officer
- ALSO PRESENT - Leigh Lloyd-Thomas - External Auditors (PKF)

28. MINUTES

28.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 4 September 2012.

29. APOLOGIES FOR ABSENCE

29.1 There were no apologies for absence.

30. DECLARATIONS OF INTEREST

30.1 Councillor Lambert declared a personal, non prejudicial interest as a social enterprise consultant.

31. REPORTS

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

Audit & Risk Items

32. ANNUAL AUDIT LETTER AND FEE OUTTURN 2011/12

32.1 The Committee considered a report by the Interim Director of Corporate Resources and the external auditors summarising the Annual Audit Letter and fee outturn for 2011/12.

32.2 The following key points emerged from the discussion:

- The external auditors (PKF) have spent £3,585 during 2011/12 on responding to queries from local electors on the financial statements (which is a statutory duty). The Committee considered that the external auditor should only consider a complaint where the complainant has detailed their concerns in writing, and that the external auditor should exercise their right to refuse to respond to a complainant whom they considered to be vexatious;

- The audit annual fee for East Sussex County Council was the second lowest out of all county councils. Audit scale fees have been fixed nationally for the next five years but the external auditors have the ability to levy additional charges in certain circumstances.

32.3 RESOLVED – to note the reports and its appendices.

33. INTERNAL AUDIT PROGRESS REPORT – QUARTER 2

33.1 The Committee considered a report by the Interim Director of Corporate Resources summarising the key audit findings, progress on delivery of the Audit Plan and the performance of the internal audit service during Quarter 2.

33.2 RESOLVED – (1) to note the reports and its appendices;

(2) to agree that in the light of the review of roles and responsibilities in schools (see minute 37) Internal audit should give consideration to the following issues in piloting their new approach to schools audit:

a) informing school governing bodies of the cost of the additional advice and support that is being offered to them by Internal Audit; and

b) distributing an audit e-bulletin to school governing bodies;

(3) to request that the Committee be informed of the total energy bill for East Sussex County Council and whether liability for paying the energy bill for academies lies with the Council; and

(4) to agree that there were no new or emerging risks for consideration for inclusion in the internal audit plan.

34. STRATEGIC RISK MONITORING

34.1 The Committee considered a report by the Interim Director of Corporate Resources summarising the current strategic risks faced by the Council, their status, and mitigating actions.

34.2 The Committee welcomed the change in focus and format of the strategic risk monitoring, and the proposal to circulate departmental risk monitoring reports to the relevant scrutiny committees. The Committee agreed that there is a need to gain an assurance that risks are being recognised, recorded and mitigated but without making this an overly bureaucratic process.

34.3 RESOLVED –to note the reports and its appendices.

35. TREASURY MANAGEMENT HALF YEAR REPORT

35.1 The Committee considered a report by the Interim Director of Corporate Resources summarising the Treasury Management performance for the first six months for 2012/13.

35.2 RESOLVED –to note the reports and its appendices.

Scrutiny Items

36. OVERVIEW OF THE PUBLIC SERVICES (SOCIAL VALUE) ACT 2012

36.1 The Committee considered a report by the Interim Director of Corporate Resources outlining the new Public Services (Social Value) Act 2012.

36.2 The following key points emerged from the discussion:

- Social value is defined in the Act as “economic, social and environmental well-being of the relevant area”.

- The Commissioning Grants Prospectus, which East Sussex County Council has run for the past two years in conjunction with the health services, is recognised by government as best practice and already considers social value.
- The Act allows for social value to be included in the procurement process if it is in line with a local authority's priorities. For example, East Sussex County Council could include specifications for contractors to generate local employment and skills and spend locally, which are Council priorities that would add social value to a contract.
- The extent to which a contract will benefit SMEs depends on the particular market, for example, for most IT contracts the suppliers will be a national or international firm, whereas in social care the market is predominantly small and locally based. The Council has already recognised the need to promote the use of local suppliers by its large contractors, for example, through the Build East Sussex initiative where approximately 70% of the value of the work is delivered by contractors based within a 30 mile radius of the site.

36.3 RESOLVED – (1) to note the reports and its appendices; and

(2) Recommend that Council procurement practices include in line with the Act:

- continue consultation and research to understand and learn from established models for providing work to SMEs; and
- develop a culture of dialogue and openness with potential contractors (including SMEs) so that they are clear on the importance of social value to achieving the Council's priorities.

37. SCRUTINY REVIEW OF THE ROLES AND RESPONSIBILITIES OF EAST SUSSEX COUNTY COUNCIL IN RELATION TO SCHOOLS

37.1 The Committee received a report from the Chairman of the Scrutiny Review Board of the roles and responsibilities of East Sussex County Council in relation to schools.

37.2 The Director for Children's Services summarised a report which is due to go to the Governors' Panel on 14 November 2012 that proposes a new approach to the recruitment of local authority (LA) governors.

Recommendation from the Governors' Panel report	Comments
<p><i>1: to agree to the development of a training link governor role in East Sussex and to invite governing bodies to put forward one governor to fulfil this role.</i></p>	<p>Ofsted will be focusing increasingly on the effectiveness of governing bodies so it is important that governors are trained sufficiently. Research suggests that other local authorities do not single out their LA governors for special training but most do have regular communication with all governors.</p> <p>Several local authorities have promoted the role of a 'training link governor' for each governing body, which is recommended by the Department for Education. A training link governor communicates with the local authority and ensures that their governing body receives any necessary training and information. In other local authorities, a training link governor is not necessarily a LA governor.</p>

<p>2: <i>Adopt a role description for newly appointed LA governors which includes the expectation that they will act as a training link governor if no other nomination is received from the governing body.</i></p>	<p>The role of LA governors in East Sussex is very broadly defined so there is clear scope to focus the role of all new LA governors to include the role of the training link governor.</p>
<p>3: <i>Adopt a Person Specification for the role of LA governor which would specify the kind of knowledge, experience and commitment needed for the role.</i></p>	<p>There is a historic difficulty in recruiting individuals with suitable training for the role of LA governor. Governors' Services will look to work with the School Governors' One Stop Shop to recruit volunteers from local authority staff (including teaching staff) as they are considered suitable candidates and are likely to be keen as the role can benefit their career. It is hoped that sufficient numbers can be recruited to create a 'pool' of candidates that can then be appointed quickly to fill any new vacancies.</p>
<p>4: <i>Proactively invite applications for the role of LA governor in order to establish a pool of individuals with the necessary skills who could be matched with a vacancy when one arises.</i></p>	

37.3 The Director of Children's Services explained how the Department plans to implement the recommendations of the Scrutiny Review Board based on this new approach to LA governors.

<p>Scrutiny Review Board Recommendations</p>	<p>Response</p>
<p>1. Provide individual governors with documentation to keep them abreast of changes in legislation and to signpost them to relevant advice and guidance on their responsibilities.</p>	<p>Additional documentation will be provided through:</p> <ul style="list-style-type: none"> • three policy briefing/ networking sessions for training link governors; • improved content on Czone for governors; and • an E-Forum and a tri-annual newsletter for all governors, with the intention of ensuring that training link governors are familiar with the content and actively promote it to their colleagues.
<p>2. Through the schools' clerking service, aim to ensure that every school governing body engages in a process of 'self-review' by means of a 'checklist' of responsibilities and risks for discussion at governing body meetings.</p>	<p>The responsibility to ensure that every school governing body engages in a process of 'self-review' will be better carried out by the training link governor.</p>
<p>3. Set out clearly the costs and benefits of each different element of local authority support to schools and governing bodies to enable choices to be made as to which types of services should be provided to mitigate the risks identified in the report (including that of reputational damage) to</p>	<p>A piece of work is underway that is reviewing Traded Services. This will include the costs and benefits of each different element of local authority support to schools and governing bodies and can be brought to a future scrutiny</p>

the County Council.	committee.
4. Provide more tailored support and training to identified, appropriate governors. This could include a personal development plan (PDP) type checklist that would allow governors to keep track of their knowledge, training and responsibilities. Consider providing training free of charge, or at a reduced cost, to appropriate governors.	The “identified, appropriate governors” would be the training link governors. All new LA governors would be expected to fulfil this role if no other nomination is received from the governing body.
5. Offer packages of targeted support to governing bodies, for example of small schools or schools where there is underperformance or there are concerns about governing body decision making capacity.	Targeted support will be offered to any schools identified as being at the greatest risk.
6. Target support towards schools and governors to give early warning of non-compliance that comes to light from shared intelligence collected by officers across different services working with schools.	Children’s Services is working with the Internal Audit and Finance teams to identify areas of risk and develop and commission “themed” audit reviews of schools.
<i>Supplementary recommendation added by the Committee:</i> <i>7. The application forms of local authority governor candidates should be shared with local members and this should be made clear on the application form.</i>	

37.4 RESOLVED – To (1) endorse the Scrutiny Review Board recommendations, supplemented by the recommendations of the report to the Governors’ Panel on 14 November.

(2) request a monitoring report for the 4 June 2013 meeting of the Committee.

38. SCRUTINY WORK PROGRAMME

38.1 The Committee considered a report by the Assistant Chief Executive, Governance and Community Services setting out the Committee’s planned programme of work for the forthcoming year.

38.2 RESOLVED – to add to the Committee’s programme of work for 2012/13 as follows:

- an update on the Agile Working Programme at the 15 March 2013 committee;
- an update on the Library Services review on 4 June 2013; and
- an update on carbon management on 15 March 2013 to consider the impact of Agile Working on the Council’s carbon footprint.

39. FORWARD PLAN

39.1 The Committee considered the Forward Plan for the period 1 October 2012 to 31 January 2013.

39.2 RESOLVED – to note the Forward Plan.

40. NEXT MEETING

40.1 The meeting ended at 12.35. The next meeting of the Committee will be held on **15 March 2013**.