

SCRUTINY COMMITTEE FOR AUDIT, BEST VALUE AND COMMUNITY SERVICES

DRAFT MINUTES of a meeting of the Scrutiny Committee for Audit, Best Value and Community Services held at County Hall, Lewes on 6 September 2013.

- PRESENT - Councillor Michael Blanch (Chair), Councillors John Barnes, Claire Dowling and Francis Whetstone
- Councillors David Tutt and Trevor Webb present for items 5, 6 and 8.
- OFFICERS - Becky Shaw, Chief Executive
Simon Hughes, Assistant Chief Executive, Governance and Community Services
Kevin Foster, Chief Operating Officer
Cynthia Lyons, Acting Director of Public Health
Mo Hemsley, Assistant Director, Service Finance
Melanie Griffin, Assistant Director, Property and Capital Investment
Dr Irene Campbell, Assistant Director, Community and Customer Services
Liz Rugg, Assistant Director, Safeguarding, LAC and SEN
Russell Banks, Head of Assurance
Ola Owolabi, Head of Accounts and Pensions
Rhona Drever, Assistant Head of Libraries – Strategy and Performance
Harvey Winder, Scrutiny Support Officer
- ALSO PRESENT - Councillor David Elkin, Deputy Leader and Vice Chair of the Cabinet
- Leigh Lloyd-Thomas and Janine Combrink (External Auditors, BDO)
Sam Maloney and Tamas Wood (External Auditors, KPMG)

15. MINUTES

15.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 24 June 2013.

16. APOLOGIES FOR ABSENCE

16.1 Councillors Jeremy Birch, Carolyn Lambert, Laurence Keeley and Robert Standley sent their apologies.

17. DECLARATIONS OF INTEREST

17.1 Councillor David Tutt declared a personal, non-prejudicial interest as a member of the East Sussex Pension Fund Investment Panel.

18. REPORTS

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

Audit & Risk Items

19. REVIEW OF THE ANNUAL GOVERNANCE REPORT AND STATEMENT OF ACCOUNTS 2012-13

19.1 The Committee considered a report by the Chief Operating Officer and the external auditors following their audit of the Council's statutory accounts for 2012/13.

19.2 The following key points emerged from the discussion:

- The adult social care accrual for residential care costs was overprovided from 2011/12 by £6.5 million. The external auditor (BDO) concluded that the accrual from 2012/13, as of July 2013, might be overstated by £1.833 million. As the Council has continued to receive bills from residential care providers since then, the overstatement may no longer be as high as BDO suggest, but a note would be attached to the Q1 monitoring report. It was noted that there was a new model in place which had reduced potential overprovision.
- Municipal Mutual remained a significant risk, with the actuary seeking to recover 15% of the original amount.
- BDO, in their audit for the year ended 31 March 2013, observed that the Council does not require independent review of authorisation of journals below £1 million. Whilst this is the Council's policy, and testing of sample journals did not identify any issues, BDO identified that this exposes the Council to a risk of journals being incorrectly or accurately processed. The Committee understood that this issue was debated some years ago but it is unclear whether it was satisfactorily resolved.

19.3 RESOLVED – 1) to note the report and its appendices;

2) to request that the Governance Committee should review whether the Council's policy on the authorisation of journals is appropriate.

3) to thank the outgoing external auditors, BDO for their long engagement and effective contribution to the Council and thank the new team from KPMG, for their recent work.

20. INTERNAL AUDIT PROGRESS REPORT: QUARTER 1

20.1 The Committee considered a report by the Chief Operating Officer summarising the key audit findings, progress on delivery of the audit plan and the performance of the Internal Audit Service during Quarter 1.

20.2 The following key points emerged from the discussion:

- In the previous quarter, the Internal Audit Service gave a 'partial assurance' rating to the EXOR highways management system and the THRIVE Social Care Transformation programme and made several recommendations to improve the control environment. The Head of Assurance reported that the relevant Departments have now implemented all of the key recommendations.
- In response to an investigation into the alleged theft of funds by a member of staff, Internal Audit was requested by the Children's Services Department to review the administration of Looked After Children's (LAC) funds. The Head of Assurance confirmed that there were no further examples of concerns that individuals might have misappropriated LAC funds.
- It was noted that for Northiam CE School, which had given audit concerns, the scheme of delegations was now suspended. The Committee looked forward to a further report on mechanisms to influence the audit performance of schools at its next meeting.

20.3 RESOLVED – (1) to note the report and its appendices;

(2) to agree that there were no emerging risks to be considered for inclusion in the internal audit.

21. STRATEGIC RISK MONITORING

21.1 The Committee considered a report by the Chief Operating Officer summarising the current strategic risks faced by the Council, the update of their status and the mitigating actions being proposed and implemented by Chief Officers.

21.2 RESOLVED – to note the report and its appendices.

Scrutiny Items

22. RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR)

22.1 The Committee considered a report by the Chief Executive setting out how the Committee is to begin its engagement in the Council's business and financial planning process (Reconciling Policy, Performance and Resources) for 2014/15 and beyond.

22.2 The Committee discussed what mechanisms existed to allow Members to take a wider balanced view of all of the portfolios beyond their individual scrutiny areas, in the light of some challenging targets for 2014 and 2015, and the Chief Executive referred to the Whole Council Forum.

22.3 The following key points emerged from the discussion:

Community Services Portfolio

- Generating income through the selling of archive space to partner organisations and consolidating the entire archive service on to one site will help to reduce the archive co per head to around the level of the benchmark figure.
- The Committee looked forward to further discussion on how the £120,000 savings were to be secured from the review of the mobile library service.

Community and Resources Portfolio

- The Business Services Department (BSD) has replaced the Corporate Resources Department and this restructure has delivered consolidation savings for 2013/14. The Quarter two monitoring report will indicate whether the BSD has delivered its in year savings for 2013/14 on top of the consolidation savings.
- Long-term sickness tends to occur in the social care departments and work is underway on how to address this trend. Whilst the Council has an absence rate higher than the benchmark figure for all local authorities, in comparison to other upper-tier local authorities, all with children and adult services responsibilities, it performs well.

Public Health Portfolio

- The performance measures for 2012/13 were set by the NHS as public health was still formally part of the NHS and did not transfer to the Council until April 2013.
- Members asked for more detail on the review of Tranche 1 services and looked forward to being in a position regularly to review how the Council's service was influencing public health.

22.4 RESOLVED - 1) to note the report and its appendices;

2) to request the following information for the 5th November 2013 Audit, Best Value & Community Services Scrutiny Committee meeting:

Community Services Portfolio

- Details of the income generation schemes developed by the Libraries and Information Service to offset the required savings.

Resources Portfolio

- Confirmation whether any of the £10 million planned capital expenditure on “Investment Gaps ICT” came from the reallocated £10 million revenue surplus generated by the 2012/13 revenue savings plan.
- More details of how the proposed revenue savings for the Business Services Department are on course to be delivered. In particular, those savings that are expected to be made from the Corporate Consolidation review.
- How Agile Working and, separately, SPACES are projected to achieve savings in each of the portfolios across the Council, and whether there is any danger of double counting.
- A breakdown of the number of staff on long term sick leave compared to short term sick leave.

Public Health Portfolio

- Provide the Committee with a wider range of the Public Health performance measures than those included in the Portfolio Plan (to be informed by the Public Health Outcomes Framework).
- The life expectancy statistics for East Sussex showing the difference within districts and boroughs, not just between districts and boroughs.

3) Panel Members: Councillors Blanch and Barnes

23. OVERVIEW OF LIBRARY AND INFORMATION SERVICES

23.1 The Committee considered a report by the Assistant Chief Executive, Governance and Community Services summarising the work of the Library and Information Services and how the Service is planning for the future.

23.2 The Assistant Director, Community and Customer Services explained that:

- The Libraries and Information Service (LIS) manages all static and mobile libraries in East Sussex. The LIS has a three-year business plan that is designed to ensure we support the residents of the County by providing access to learning, literacy, technology and information, and acting as an access point to a range of public services.
- The LIS forms part of a range of preventative services that help vulnerable people avoid or delay the need to seek health or social care by providing them with a venue where they can remain mentally active and interact with other people. This benefits residents and provides long term savings to health and social care budgets.
- The core function of the LIS is to provide access to learning, literacy, technology and information, and as an access point to a range of public services. This is provided primarily from static libraries dotted around the county, and increasingly online.

Variety of services

The LIS provides a variety of other services outside of its core service, including:

- **A library service to schools** – the LIS provides one of the few remaining school library services in the country. The service is provided because it is currently justifiable from a business perspective in as much as it covers its costs.
- **A mobile library service** - The mobile library service is under review. The review will recommend the continued provision of a core mobile book service but may look at new ways to provide it, for example, in partnership with parish councils.
- **Online access to research periodicals** - From 16th September 2013, residents in East Sussex will have online access to the full catalogue of research periodicals from any of the East Sussex public libraries.

- **A library bookshop** - A library bookshop called Bookends has been opened in Eastbourne Library to sell ex-library books and other items.
- **An initiative to identify hard to reach groups** – An initiative has been launched to identify hard to reach families or vulnerable groups like carers and invite them to use library resources.
- **ICT and Literacy skills** – The LIS provides residents with educational facilities to improve their skills, including ICT and literacy. ICT access is provided free to residents because East Sussex has below average computer usage.
- **Providing an indoor public space** - Libraries are part of the community and often the only publicly available indoor space. Therefore, the LIS designs its libraries to be attractive indoor spaces that replicate people’s home environment, making it desirable for people to spend time in them.

Co-locating with other services

Increasingly, public organisations are looking to co-locate their services and libraries are ideal sites to co-locate certain other services, including:

- **Registration Offices** - Registration offices are increasingly being co-located at libraries, for example, in Uckfield, Hastings and Hailsham.
- **Community Help Points** - Some libraries contain Community Help Points. These are drop-in advice centres that provide advice on a range of topics such as benefits, housing, council tax, parking permits and community safety, as well as the full range of County Council services. They are run in partnership with districts and boroughs. Help points are being upgraded in Uckfield and Heathfield and new ones are being considered in other districts across the County.

Issues

Some of the issues the LIS faces include:

- **Physical attendance** - Physical attendance at libraries nationwide has been declining slowly in recent years as books and other library services become available online. In response, libraries have grown to act as community hubs offering a wide range of other services. The opening of a new library that offers a wide range of services can increase library usage in that local area.
- **Electronic books** – Publishers nationally are unhappy with the lending of ebooks from public libraries. As a result, very few titles are currently available and East Sussex has just 500 for our customers to borrow. However, the Society of Chief Librarians is negotiating with publishers to resolve this issue.
- **Reduced funding** – The budget of the LIS has been reduced in recent years. The LIS aims to ensure that whilst the cuts might ‘hurt’ the service, they are not highly visible to the residents using the service. Often, this means that staff must work harder and smarter than before and customers will have to wait longer for their needs to be met. It has also led to investment in self-service machines that have proven to be popular amongst residents and a cost effective way to issue books.

- 23.3 RESOLVED – 1) to note the report and its appendices;
- 2) to congratulate officers of the Library and Information Services for their dedication, innovation and enthusiasm for improving libraries;
 - 3) to give further updates to the Committee as necessary, including the outcome of the mobile library service review;
 - 4) To report on initiatives for income generation including sales, library fines and franchising

- 5) to provide the Committee by email with more detailed and historical borrowing figures than those provided in Appendix 1.

24. PROPERTY POLICIES AND GUIDANCE

24.1 The Committee considered a report by the Chief Operating Officer summarising the Council's Property Policies, in particular the Community Asset Transfer and Property Disposal Policies.

24.2 The following key points emerged from the discussion:

- The Strategic Property Assets Collaboration in East Sussex (SPACES) programme has gathered pace over the past six months. During that time, Sussex Police has become more involved in the programme and the NHS has agreed to join in discussions with the members of the SPACES programme, having previously not been involved.
- No property sharing projects have yet been signed off under SPACES and they are all still in the planning stage. This is to be expected as SPACES is a lengthy, complex project. However, in the meantime it has helped to improve the partnership working of its member organisations. For example, land swaps have taken place between the Council and Rother and Lewes District Councils.
- Town councils and local churches have also shown interest in working with the SPACES programme. After some discussion on Members' more proactive involvement in disposals of property, it was considered that the involvement of local parish and town councillors and the Third Sector was a more appropriate way to engage grass+roots activity.

24.3 RESOLVED – to note the report and its appendices.

- 2) To congratulate the Property Business Unit for their work in developing the Property Policies and advancing the SPACES Programme. In particular, their involvement of the community and voluntary sector in the development of the Community Asset Transfer Policy is to be commended.

25. SCRUTINY WORK PROGRAMME

25.1 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.

25.2 RESOLVED – to note the Work Programme.

26. FORWARD PLAN

26.1 The Committee considered the Forward Plan for the period 1 September 2013 to 31 December 2013.

26.2 RESOLVED –to note the Forward Plan.

27. NEXT MEETING

27.1 The meeting ended at **1.05pm**. The next meeting of the Committee will be held on **5 November 2013**.