

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 5 September 2014.

- PRESENT - Councillors John Barnes, Michael Blanch (Chair), Lawrence Keeley, Carolyn Lambert, Robert Standley and Francis Whetstone
- OFFICERS - Becky Shaw, Chief Executive
Philip Baker, Assistant Chief Executive
Kevin Foster, Chief Operating Officer
Marion Kelly, Chief Finance Officer
Cynthia Lyons, Acting Director of Public Health
Russell Banks, Head of Assurance
Ola Owolabi, Head of Accounts and Pensions
Paul Dean, Member Services Manager
Harvey Winder, Scrutiny Support Officer
- ALSO PRESENT - Councillor David Elkin, Lead Member for Resources
Councillor Rosalyn St. Pierre (for the urgent item)
Samantha Maloney and Tamas Wood, independent auditors, KPMG

15. MINUTES

15.1 RESOLVED – 1) to note that Councillor Carolyn Lambert was in attendance on 10 June 2014; and

2) to approve as a correct record the minutes of the meeting of the Committee held on 10 June 2014.

16. APOLOGIES FOR ABSENCE

16.1. Apologies for absence were received from Councillor Jeremy Birch.

17. DECLARATIONS OF INTEREST

17.1. There were no declarations of interest.

18. REPORTS

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

Audit and Risk Items

19. REVIEW OF THE ANNUAL GOVERNANCE REPORT AND STATEMENT OF ACCOUNTS FOR 2013/14

19.1. The Committee considered a report by the Chief Operating Officer summarising the Annual Governance Report and Statement of Accounts for 2013/14.

19.2. The independent auditors explained that they would issue their final audit opinion on the Council's financial statements and their value for money (VFM) conclusion once their initial investigation into the Link Road had concluded, provided that no issues arise from the investigation.

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

2) to agree that there are no concerns arising from the independent auditor's report, or the management response to it, that need to be brought to the attention of the Governance Committee; and

3) to recommend that a footnote is included in the Statement of Accounts beneath the relevant pie charts that explains how a considerable percentage of the Children's Services Department's gross budget comprises the passported Dedicated Schools Grant.

20. TREASURY MANAGEMENT: 2013/14 STEWARDSHIP AND HALF YEAR 2014/15 REPORT

20.1. The Committee warmly welcomed a report by the Chief Operating Officer presenting the Council's Internal Audit Strategy and Annual Audit Plan 2014/15.

20.2. RESOLVED – 1) to note the report and its appendices.

21. INTERNAL AUDIT PROGRESS REPORT QUARTER 1 (01/04/14-30/06/14)

21.1. 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.

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

2) to thank the Internal Audit Service for maintaining their auditing schedule despite a number of ongoing investigations and staff vacancies;

3) to agree that there are no new actions that should be taken in response to the issues raised in any of the audits carried out in Quarter 1;

4) to agree that there are no new or emerging risks for consideration for inclusion in the Internal Audit Service's plan; and

5) to request to be informed of the School Risk Review Group's policy for recruiting and training local education authority (LEA) governors.

22. STRATEGIC RISK MONITORING

22.1. The Committee considered a report by the Chief Operating Officer updating the Committee on the Council's current strategic risks and the risk controls and responses being proposed and implemented by chief officers.

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

2) to recommend that the increased pressure on the workforce caused by the introduction of the Care Act be considered as a strategic risk.

23. CIPFA AUDIT COMMITTEE GUIDANCE

23.1. The Committee considered a report by the Chief Operating Officer updating Members on the latest audit committee guidance for local authorities from the Chartered Institute of Public Finance and Accountancy (CIPFA) and highlighting those areas where further action may be required by the Council to ensure full conformance.

23.2. The Committee did not consider that it would be necessary for the Audit, Best Value & Community Services Scrutiny Committee to become a separate audit committee and scrutiny committee so long as the independent auditors were not concerned about the current configuration. However, the Chair agreed that it would be made clear at future meetings when the Committee is considering an audit item and when it is considering a scrutiny item.

23.3. The Committee did not consider it necessary to meet privately and separately with the independent auditors and the head of internal audit.

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

2) to request a report at the 18 November 2014 meeting to provide the Committee with the opportunity to consider whether it should produce an annual report from 2015/16. The report should include the CIPFA audit committee's annual report checklist; and

3) to request that the Chief Executive provide a steer for the Committee on the practicalities of its involvement in both the appointment and the removal of the head of internal audit.

Scrutiny Items

24. NOTIFICATION OF AN URGENT MATTER: SITE DISPOSAL OF FORMER ST. ANNE'S SCHOOL

24.1. The Chair notified the Committee about an issue regarding the disposal of the site of the former St. Anne's School, Rotten Row, Lewes. He had recently become aware of a number of concerns raised by members of the public and elected members in respect of the process that led to the decision to dispose of the site of the former St. Anne's School to the preferred bidder, Subud, by the Lead Member for Resources on 29 October 2013.

24.2. The Chair confirmed that he had raised a number of queries and from his first pass at the responses to these, it appeared to him that the process itself was reasonable but more work was needed.

24.3. The Chair considered that, because of the concerns raised, there would be merit in establishing a Board of the Audit, Best Value & Community Services Scrutiny Committee. The Board would undertake an analysis of the process that led to the choice of preferred bidder in respect of the disposal of the St Anne's School site, and hear the public concerns. The issues include:

- To review the process involved in selecting a preferred bidder to take over the site of the former St Anne's school in Lewes for the purpose of providing an asset for the community.

- The extent to which the St Anne's Steering Group was representative of the community
- Advice given to each bidder
- The extent of the Council's research into the policies (particularly equal opportunity policies) of the bidders
- How each bidder was assessed/scored
- The composition of the Bid Assessment Panel
- The reasons for disposal to an 'under-bidder'
- The level of community benefit arising from the successful bidder
- How the Council will protect community benefits and equality of access to the site's facilities
- How protection against gains from future housing development on the site is to be achieved.

24.4. The Board would report its findings and any appropriate recommendations to the Lead Member for Resources in advance of the decision to finalise the transfer of the St Anne's School site.

24.5. The Lead Member for Resources stated that the recent public concerns had prompted him to revisit his original decision. On doing so, he had concluded that the process followed had been open, transparent and robust. He welcomed the establishment of the Panel to review the process that supported the decision.

24.6. RESOLVED 1) to convene a Scrutiny Review Board with the outline scope as indicated above;

2) that the Board's membership comprises Councillors Tutt (substituting for Councillor Blanch), Barnes and Birch. Councillor Standley was nominated as a substitute member;

3) that the Board would convene in public and where appropriate (such as when considering exempt information) in private; and

4) that the panel report to the Lead Member for Resources prior to completion of the transfer of the St Anne's site.

25. RECONCILING POLICY PERFORMANCE AND RESOURCES (RPP&R)

25.1. The Committee considered a report by the Chief Executive inviting the Committee to begin its engagement in the business and financial planning process – Reconciling Policy, Performance and Resources (RPP&R) – for 2015/16 and beyond.

25.2. Members commented that the Council should consider the viability of installing solar panels on its property portfolio in order to reduce energy expenditure. The Director of Community, Economy and Transport confirmed that the Council is currently considering the viability of installing solar panels in landfill sites.

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

2) to agree the establishment of an RPP&R Scrutiny Review Board comprising Councillors Barnes, Blanch, Standley and Whetstone. The Board will meet in November to discuss Members' own revenue and capital savings plans and in December 2014 to comment on the draft portfolio and savings plans for 2015/16; and

3) to request the following information for the 10 November 2014 RPP&R Scrutiny Review Board meeting:

- an indication of the practicality of including a target in the Resources Portfolio Plan to reduce the amount of energy used arising from County Council operations;
- an overview of the capital programme with references to illustrate which projects are 'invest to save'.

26. SCRUTINY WORK PROGRAMME

26.1. The Committee considered a report by the Assistant Chief Executive setting out the Committee's planned programme of work for the forthcoming year.

26.2. RESOLVED – 1) to note the work programme;

2) to recommend that the Chairs of Audit, Best Value & Community Services Scrutiny Committee and Children's Services Scrutiny Committee consider how best to scrutinise the work of the School Risk Reviews Group going forward.

27. FORWARD PLAN

27.1. The Committee considered the Forward Plan for the period 1 September 2014 to 31 December 2014.

27.2. RESOLVED – to note the Forward Plan.

The meeting ended at 12.15pm. The next meeting of the Committee will be held on **18 November 2014**.