

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 18 November 2014.

- PRESENT - Councillors John Barnes, Jeremy Birch, Michael Blanch (Chair), Carolyn Lambert, Robert Standley and Francis Whetstone
- OFFICERS - Philp Baker, Assistant Chief Executive
Kevin Foster, Chief Operating Officer
Marion Kelly, Chief Finance Officer
Russell Banks, Head of Assurance
Ola Owolabi, Head of Accounts and Pensions
Leatham Green, Assistant Director, Personnel and Training
Laura Langstaff, Head of Procurement
Sarah Mainwaring, Head of HR Services
Harvey Winder, Scrutiny Support Officer
- ALSO PRESENT - Councillor David Elkin, Lead Member for Resources
Councillor Michael Ensor

28. MINUTES

28.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 5 September 2014.

29. APOLOGIES FOR ABSENCE

29.1. Apologies for absence were received from Councillor Lawrence Keeley.

30. DECLARATIONS OF INTEREST

30.1. There were no declarations of interest.

31. REPORTS

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

Audit and Risk Items

32. INTERNAL AUDIT PROGRESS REPORT: QUARTER 2 (01/07/14-30/09/14)

32.1. 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 2.

32.2. The following key points emerged from the discussion around Individual School Audits:

- The Committee expressed concern that Bishop’s Bell Church of England School received ‘minimal assurance’ and that the school was providing management support to other schools.
- Officers explained that the School Risk Review Group (SSRG) has members from both Internal Audit and the Children’s Services Department. This means that:
 - Internal Audit will inform the Children’s Services Department of any school that has received a ‘partial assurance’ (or less) audit opinion;

- The Children's Services Department will alert Internal Audit to schools that are thought to pose a high risk to the Council, which helps Audit to prioritise its audit plan.
- Internal Audit helps to ensure that school governors are aware of potential risks to their schools by:
 - emailing the full audit report for each school to the personal emails of all of the school's governors with a standard paragraph explaining that it is expected of them that they will discuss the report at full governor meetings;
 - picking out themes that appear in school audits and compiling them into a quarterly bulletin to governors that highlights common themes and issues and the best way to seek assurance from within their own schools;
 - providing a 90 minute training session for business managers and governors to highlight specific areas of risk within their school and how best to reduce them;
 - recommending that schools develop and implement a whistleblowing policy and flagging it as a weakness in an audit reports if they do not.

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

2) to note the Committee's approval for Internal Audit's methods of reporting risk to governors;

3) to request an update on the follow up review of Denton Nursery School;

4) to recommend that Members actively look for possible candidates for LEA governors in their division (and that this advice is included in member induction training);

5) to agree that the Chair will meet with the Director of Children's Services to discuss the most effective way that the Committee could help to address the ongoing issues around individual school audits; and

6) to request a report from the Chief Operating Officer on the progress of the action plan to tackle weaknesses in the Council's process for managing staff transfers and leavers, now that it has twice received 'partial assurance' from Internal Audit, for the 17 March Committee meeting.

33. AUDIT ANNUAL LETTER AND FEE UPDATE 2013/14

33.1. The Committee considered a report by the Chief Operating Officer on the Annual Audit Letter and Fee Update 2013/14.

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

34. STRATEGIC RISK MONITORING: QUARTER 1

34.1. The Committee considered a report by the Chief Operating Officer summarising the current strategic risks faced by the Council, their status and risk controls and responses for Quarter 1.

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

2) to recommend that the description for the "Schools" strategic risk also includes the potential reputational risk to the Council from the underperformance or failure of educational providers such as academies; and

3) to recommend that the "Roads" strategic risk includes the word "unsubstantiated" before "third party claims" to make it clear that the Council is attempting to repudiate unsubstantiated claims for damages rather than genuine ones.

35. ASSESSING AND REPORTING ON AUDIT COMMITTEE EFFECTIVENESS

35.1. The Committee considered a report by the Chief Operating Officer providing further information on how audit committee effectiveness can be assessed and reported in line with Chartered Institute of Public Finance and Accountancy (CIPFA) good practice.

35.2. The Committee agreed that, although other audit committees produce an annual report, it would be unnecessary to carry out a reflective session every year. Instead, it would be more effective to hold ad hoc sessions when relevant.

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

2) to agree that it is not necessary to carry out an annual exercise to review and assess the effectiveness of the Committee; and

3) to agree that the whole Committee should hold an additional one hour session to reflect on its performance using the CIPFA checklist as a guide. Future sessions should be held on an ad hoc basis.

36. CIPFA AUDIT COMMITTEE GUIDANCE

36.1. The Committee considered a report by the Chief Operating Officer outlining the proposed role of the Audit, Best Value & Community Services Scrutiny Committee in the appointment and dismissal of the head of internal audit, in accordance with the most recent CIPFA audit committee guidance.

36.2. RESOLVED – 1) to agree the recommendations as set out in paragraphs 3.1.1 and 3.1.2.

Scrutiny Items

37. PROCUREMENT PERFORMANCE UPDATE

37.1. The Committee warmly welcomed a report by the Chief Operating Officer providing an update on the ongoing development of Procurement and Category Management.

37.2. In addition to the information outlined in the report, the Head of Procurement provided the following information in response to questions from the Committee:

- The targeted procurement savings for 2014/15 of £10.5m – to be achieved through improving procurement practices – includes:
 - revenue savings already assumed to be part of the Reconciling Policy, Performance and Resources (RPPR) savings plans that require procurement-related activity;
 - identified areas of revenue savings that form part of, and support, service plans;
 - approximately £3m savings that are already built into the capital budget.
- Slippage in the 2014/15 savings programme for the capital budget will likely occur when procurement for large projects overrun. If this happens, the savings will be realised in 2015/16 instead.
- The Procurement Service is now identifying procurement savings targets for 2015/16. An early draft of these savings will be provided to the Audit, Best Value & Community Services Scrutiny Committee's RPPR Board on 9 December 2014.
- The Procurement Service is focussed on making sure that individual departments across the Council adhere to a consistent, standardised approach to procuring goods and services. This means that, although the Procurement Service will continue to directly procure services worth more than £100,000, most services will be procured by individual departments based on guidelines produced by the Procurement Service.

- The detailed plans of how a standardised procurement approach will be achieved will be set out in the Procurement Service Category Management Strategy and the Savings Sign off Approach, which are currently being drafted.

37.3. RESOLVED 1) to note the report and appendices;

2) to welcome the Procurement Service's commitment to encouraging the procurement of local services;

3) to request for the 9 December RPPR Board a briefing on the identified procurement savings for 2015/16;

4) to request a report on the Category Management strategy and the Savings Sign Off Approach at a future committee meeting.

38. SPEND ON AGENCY WORKERS IN EAST SUSSEX COUNTY COUNCIL

38.1. The Committee considered a report by the Chief Operating Officer summarising the latest information available about the use of agency workers via Comensura.

38.2. In addition to the information outlined in the report, the Assistant Director, Personnel and Training provided the following information in response to questions from the Committee:

- There is no 'correct' number of agency staff that the Council should employ, but the Council will continue to try to reduce the number as far as possible, for example through:
 - better demand management (so that agency staff are only hired if there is a clear need for them);
 - filling vacancies with full time staff on 1 or 2 year contracts rather than with agency staff;
 - encouraging Council staff to shadow agency staff who are brought in for their specialist skills;
 - filling vacancies with secondments and apprenticeships;
 - working with partners in Surrey County Council to help fill skill gaps that would otherwise be filled with agency staff.
- The Council maintains a bank of casual workers to cover vacancies for statutory posts in the Adult Social Care Department (ASC) that require immediate filling if a member of staff goes off sick. Casual workers offer a number of benefits over agency staff when recruiting to statutory posts, these include:
 - trained in-house to a high standard;
 - of a known quality and reliability;
 - have developed relationships with many ASC clients.
- Casual workers are not on zero hour contracts and have the same legal rights as agency staff. They are workers who want the flexibility to choose their own working hours. Maintaining a bank of casual workers has an administrative cost.
- Very few staff are on long term sick leave (only 101 in the entire Council payroll of 14,000 staff). However, the number of staff on short term sick leave is still high, with up to a third of all agency staff assigned to ASC covering short term sickness. Most short term sickness is for stress and musculoskeletal issues.
- A pilot is underway in the Children's Services Department called the "Management Stress Awareness for Managers training course", with the intention to roll it out to ASC at a later date. It involves trained staff meeting with managers to identify the most common causes of stress in their workplaces and to help identify solutions such as coaching sessions.

- Investing in sickness reduction is not an example of 'Invest to Save'. This is because tackling sickness absence rates requires an ongoing investment in trained staff who can address the causes. If the funding for the trained staff is withdrawn, sickness rates will usually start to increase.

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

2) to congratulate the Personnel and Training Service for its outreach work into other departments, in particular its recruitment of a pool of casual staff and its efforts to reduce short and long-term sickness.

39. SCRUTINY WORK PROGRAMME

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

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

2) (in addition to work requested during previous items) to request an update report on the SPACES programme and the progress on the implementation of the asset management software, Atrium.

40. FORWARD PLAN

40.1. The Committee considered the Forward Plan for the period 1 November 2014 to 28 February 2015.

40.2. RESOLVED – to note the Forward Plan.

The meeting ended at 12.10pm. The next meeting of the Committee will be held on **17 March 2015**.