

## AUDIT, BEST VALUE AND COMMUNITY SERVICES SCRUTINY COMMITTEE

MINUTES of a meeting of the Audit, Best Value and Community Services Scrutiny Committee held at Committee Room, County Hall, Lewes on 15 March 2016.

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PRESENT Councillors Mike Blanch (Chair), John Barnes (Vice Chair), Laurence Keeley, Carolyn Lambert, Trevor Webb and Francis Whetstone

LEAD MEMBERS Councillor David Elkin

OTHER MEMBERS Councillor Rosalyn St Pierre

ALSO PRESENT Kevin Foster, Chief Operating Officer  
Russell Banks, Head of Assurance  
Cynthia Lyons, Acting Director of Public Health  
Nigel Chilcott, Senior Audit Manager  
Laura Langstaff, Joint Head of Procurement  
Ola Owolabi, Head of Accounts and Pensions  
Philip Baker, Assistant Chief Executive  
Rachel Jarvis, Head of Financial Planning  
Paul Dean, Member Services Manager  
Martin Jenks, Senior Democratic Services Advisor  
Jennie Barnes, Audit Manager  
Bethan Hampson, Executive Officer

Philip Johnstone, Director – KPMG  
Scott Walker, Manager – KPMG

### 44 MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2015

44.1 RESOLVED to approve as a correct record the minutes of the meeting held on 23 November 2015.

### 45 APOLOGIES FOR ABSENCE

45.1 There were none.

45.2 It was noted that Councillor Stogdon was acting as a substitute for Councillor Standley.

### 46 DISCLOSURES OF INTERESTS

46.1 Councillor Blanch declared a personal interest in item 12 (see minute 56), as a family member is a member of the Beachy Head Chaplaincy Team. He did not consider this to be prejudicial.

## 47 URGENT ITEMS

47.1 None notified. It was agreed to take item 14 before item 13.

47.2 The Chair explained that, in the light of recent questions raised, there would be consideration of the transfer of the former St Anne's Special School site in Lewes as part of the Work Programme item. It was clarified that the discussion might contain exempt information, which would require a resolution to exclude the press and public.

## 48 REPORTS

48.1 Reports referred to in the minutes below are contained in the minute book.

## 49 INTERNAL AUDIT PROGRESS REPORT QUARTER 3 2015/16

49.1 The Committee considered a report by the Chief Operating Officer which summarised the key audit findings, progress against the internal audit plan and the performance of the internal audit service for quarter 3 of 2015/16. The Head of Assurance drew attention to the SAP Security and Administration follow up and the Coroner's Office follow up, both of which have resulted in improved opinions of substantial assurance.

49.2 With respect to the Social Care Information System, the Head of Assurance confirmed that the Adult Social Care and Children's Services elements had gone live. Input was provided by the Internal Audit team on the implementation process, identifying gaps and obtaining assurance from programme management that the gaps had been addressed. SCIS will form part of the internal audit plan for 2016/17.

49.3 In regard to the work on schools audits, part of which has been delivered by the Internal Audit team and part by Mazars, the Head of Assurance agreed to include details of the location and size of schools when reporting in future. He also assured the Committee that he was confident of achieving the target of delivering 90% of the Annual Audit Plan.

49.4 The Committee RESOLVED to (1) note the report; and  
(2) thank the Internal Audit Team for their work.

## 50 STRATEGIC RISK MONITORING - QUARTER 3 2015/16

50.1 The Committee considered a report by the Chief Operating Officer which provided an update on the current strategic risks faced by the Council, their status and risk controls and responses.

50.2 The Risk Framework, which sets out the escalation process from departmental to strategic risk, along with the work of the Risk Manager in assisting departments to review their risks on a quarterly basis, was highlighted to Members.

50.3 The Committee discussed the following risks:

7. Schools – the relative performance of local authority schools and academies was highlighted by Councillor Whetstone. Councillor Barnes volunteered to draft a revised description of the Strategic Risk for consideration by the Director of Children’s Services, addressing the lack of powers of intervention and the effect on the skills base of the county, and the resultant economic effects. The value of Local Authority nominated School Governors in mitigating risk was recognised by the Committee, and the Head of Assurance agreed to feed comments to the Schools Risk Group.

4. Health and 10. Welfare Reform – and in particular a potential £10m shortfall in the Community Care budget was raised by Councillor Webb as not having been identified as a specific risk. It was set out that budget pressures were reported on as part of the Quarterly Monitoring reports to Cabinet, as is the Strategic Risk Register.

1. Roads – and in particular drainage and the establishment of passing places on rural roads, to minimise vehicles mounting the verge and affecting ditches. The Scrutiny Review of Highway Drainage by the Economy, Transport and Environment Scrutiny Committee was highlighted.

50.4 The Committee RESOLVED to (1) note the current strategic risks and the risk controls/responses being proposed and implemented by Chief Officers; and

(2) support efforts to recruit and retain candidates to be nominated as Local Authority School Governors.

## 51 EXTERNAL AUDIT PLAN 2015/16

51.1 The Committee considered a report by the Chief Operating Officer which presented the External Audit Plan for East Sussex for 2015/16. Philip Johnstone, Director and Scott Walker, Manager of KPMG were in attendance to assist the Committee with this and following two agenda items. Philip Johnstone drew attention to the area of focus on Property Plant and Equipment (PPE), the revised Value for Money criteria and the reduced audit fee.

51.2 The Committee discussed the Better Care Fund and the withdrawal of the High Weald Lewes Havens CCG from the East Sussex Better Together project, of which KPMG were aware. The status of the 22 Voluntary Controlled schools, and the challenges faced by the Dioceses and the Council in establishing title, was discussed

51.3 The Committee RESOLVED to note the report.

## 52 EXTERNAL AUDIT REPORT ON GRANTS CLAIM CERTIFICATION

52.1 The Committee considered a report by the Chief Operating Officer which presented the External Auditor’s Certification of Grant Claims and Returns for the year ended 31 March 2015.

52.2 The Committee RESOLVED to note the report.

## 53 EXTERNAL AUDIT PLAN FOR EAST SUSSEX PENSION FUND 2015/16

53.1 The Committee considered a report by the Chief Operating Officer which presented the External Audit Plan for the East Sussex Pension Fund for 2015/16.

53.2 Councillor Keeley requested clarification of the Fund's investment strategy, with particular regard to fossil fuels. It was set out that this was within the remit of the Pension Committee, and that details would be provided to him.

53.3 The Committee RESOLVED to note the report.

#### 54 RECONCILING POLICY, PERFORMANCE AND RESOURCES (RPPR) FOR 2016 AND BEYOND

54.1 The Committee considered a report by the Chief Executive about the input of Scrutiny to the RPPR process. Martin Jenks reminded the Committee that this was an opportunity to review last year's process and to suggest ways the process could be improved in future years.

54.2 In reviewing last year's process the Committee welcomed the early start to the Scrutiny engagement but queried whether their suggestions had made any impact on the Cabinet's decisions. The Committee acknowledged that the delays in the announcement of the final local government settlement had had an impact on all parties and their budget proposals, and added to the complexity of the budget debate.

54.3 The Committee also discussed:

- The benefits of taking a long term view of the financial planning cycle for future years, as opposed to detailed scrutiny of the current year's budget proposals.

##### Communications

- Public awareness of the different tiers of local government, and their indifference towards which tier carries out work that might be required. The results of the public consultation on the budget were held up as an example, and it was suggested that the Communications Team could take up the challenge of addressing this, and come back to the Committee with proposals. A separation of Council Tax precepts between the tiers, or a breakdown of what each department spends, was also suggested.

##### One Council

- The Committee acknowledged the expertise of the Council's officers, and the ambition behind "One Council", but queried certain operational procedures that had raised concerns about whether the concept had been fully assimilated.
- The value of effective front end customer relations management, by providing an efficient link between the public and the service they require no matter how they contact the Council, was highlighted by the Chair.
- The need to take considered, cost-effective decisions at the most appropriate level, to achieve maximum return on investment, whether from revenue or capital budgets, and the need for Heads of Service to cooperate in achieving this, was stressed.

54.4 The Committee RESOLVED to (1) thank officers for their work and assistance in preparing material for the Committee to consider;

(2) note the lack of impact of the Committee's comments on the Cabinet's budget proposals;

(3) consider looking further ahead in the financial planning cycle to identify areas for Chief Officers to examine for savings and efficiencies;

(4) request re-consideration of the “One Council” concept;

(5) request further consideration of Communications involvement in raising awareness of the work of different tiers of local government, in support of more effective public engagement during the budget consultation; and

(6) suggest a Whole Council Forum session on the Council’s standing orders, with particular reference to the budget debate.

## 55 PROCUREMENT PERFORMANCE UPDATE

55.1 The Committee considered a report by the Chief Operating Officer which provided an update on the current savings achieved by the Council through procurement activity as well as progress on other key activities within the Procurement Service, including a snapshot of all live contracts entered into by the County Council.

55.2 In respect of the savings targets, the Head of Procurement set out that the slippage in some of the capital projects had led to the subsequent slippage in savings. The Employability and Skills Plan target was acknowledged to be unrealistic, in the light of the nature of many of the contracts entered into by the Council (eg. ICT software licences) and it was confirmed that the target would be reworked.

55.3 The use of design and build contracts was discussed by the Committee, and in particular the risk of the transfer of ongoing liabilities to the revenue budget in respect of maintenance which could have been addressed at the capital stage and during construction. The value of maintaining control of the design and value engineering aspects of a project were highlighted.

55.4 The development of social value was welcomed by the Committee, and the linkage with targets for increasing employability of Looked After Children and NEETs was explored. The Head of Procurement set out that a pilot was in development to put a monetary value, as well as a social value, on such matters.

55.5 The Committee discussed the Broadband contract, worth £25m, in terms of the expectations of the public and the performance of the provider. The effect on the County’s economy, and in particular people operating businesses at home in rural locations, was discussed, as was the subsequent effect on the County Council’s finances in terms of retention of business rates. The Head of Procurement undertook to circulate figures on the past and projected spend on the contract.

55.6 The Committee RESOLVED to (1) note the savings achieved by the Council through procurement activities in 2015/16 and the current forecast for 2016/17;

(2) note progress on other key activities within the Procurement Service;

(3) thank Laura Langstaff and the Procurement team;

(4) welcome the social value indexes and encourage their further development and reporting;

(5) express caution regarding design and build contracts;

(6) express concern regarding the Broadband rollout contract, having noted the upcoming meeting of the Economy, Transport and Environment Scrutiny Committee; and

(7) welcome the detail provided on the Council's live contracts, and to request further detail on how much had been spent to date on each contract in future reports.

## 56 PUBLIC HEALTH ONE-OFF PROJECTS - UPDATE REPORT

56.1 The Committee considered a report by the Acting Director of Public Health which provided an update on the two tranches of one-off projects which sought to create or support a step change in addressing public health outcomes where East Sussex is performing significantly worse against Public Health Outcomes Framework (PHOF) indicators than in other areas.

### Beachy Head

56.2 The Acting Director confirmed that the pilots established at Beachy Head would be evaluated, to determine whether the interventions had been successful. In terms of long term sustainability, she confirmed that should the pilots be assessed as successful, then they would be considered by the Mental Health Services joint Commissioner for prioritisation.

### Community Resilience

56.3 The Acting Director confirmed that the next meeting of the East Sussex Better Together Scrutiny Committee would focus on Community Resilience, and that the High Weald Lewes Havens CCG is part of the community resilience steering group designing and implementing the work stream.

56.4 The appropriate level of geographic areas was discussed, with the suggestion that something more local area-specific than Localities may be necessary. The Acting Director confirmed that although implementation was through localities, areas at a much lower level, such as villages or states, would be part of the approach. The target of the development of sustainable resilience from within communities was reiterated. The Committee expressed a wish to see partnership working with Universities, particularly with the sociology or geography schools, in studying and researching the subject if the opportunity arose and/or through any commissioning of external support.

### Safer Streets/Road Safety

56.5 The Committee discussed the Safer Streets project of Tranche 1 and the work on speed limits in Tranche 2. The Acting Director confirmed that a strong business case had been put forward for each of the 20mph schemes included in Tranche 2, and highlighted the work of the Joint Scrutiny Board in looking at driver behaviour, with tailored education for specific audiences, to address the Killed and Seriously Injured figures.

### Tobacco control

56.6 The link to the Quarterly Monitoring target for smoking cessation (currently 3386) was highlighted and the matters beyond the authority's control that could impact on achievement of that target. The Acting Director set out that the target was a PHOF outcome indicator, and that smoking cessation services used different approaches to target support, as different individuals need different support to stop smoking. She highlighted the work done with particularly vulnerable groups, such as maternity services to reduce smoking during pregnancy, and the work in schools to reduce children and young people smoking.

56.7 The Committee RESOLVED to (1) note the report and thank officers for their work in respect of the projects, especially in previously hard to reach areas;

(2) note the work across all three CCG areas;

(3) note the work by the department and the Joint Scrutiny Board on the safer streets and road safety issue; and

(4) note the efforts made by the department in addressing a Tobacco Free East Sussex and the PHOF indicator.

## 57 FORWARD PLAN

57.1 The Committee considered the published Forward Plan for the period to 30 June 2016.

57.2 The Committee RESOLVED to (1) note the Forward Plan; and

(2) request that the Lead Member for Community Services defer consideration of the disposal of redundant museum stock belonging to the Schools Library and Museum Service until such time as the Scrutiny Committee have had an opportunity to examine the issue.

## 58 SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

58.1 The Committee considered the Committee's planned programme of work for the forthcoming year.

58.2 The Chief Operating Officer set out the background to the disposal of the former St Anne's Special School site in Lewes (St Anne's) to Subud at an undervalue, following a tendering process for the transfer of a community asset. He drew attention to the Lead Member for Resources decision in October 2013, and the Scrutiny Review completed in December 2014. He explained that there had been a delay in agreeing the Heads of Terms of the lease, in part due to the fact that the property had originally been marketed as the transfer of a freehold interest and subsequently changed to a long lease. The Council's Community Asset Transfer Policy (CAT), adopted after the Lead Member's decision to dispose of St Anne's, sets out that asset transfers will be via a lease.

58.3 The Committee discussed: the land valuations (both open market and with existing land use restrictions, currently D1) at various stages of the process; the value of the successful bid; tools for enforcement of the Council's desired outcomes; liability for any debts secured on the property should the bidder fail, and the decision to offer a 999 year lease, as opposed to a 99 year lease or a 125 year lease as is the case with schools converting to Academy status.

58.4 Councillor St Pierre raised the issues of the consistency of advice from officers regarding access to the site, to enable development, and housing allocations with the pressure on the South Downs National Park Authority as the local planning authority. She reported that other community organisations, that hadn't been one of the original tenderers, were still interested in the site.

58.5 It was explained by the Chief Operating Officer and the Assistant Chief Executive that the length of the lease was to reflect that the original offer had been the freehold transfer of St Anne's and also allowed the bidder to secure financing against the lease. The lease will be accompanied by a site management agreement, which will contain the details of how the

Council's and the community's interests will be protected. It was hoped that this work would be completed in the next three to four months.

58.6 The Committee queried whether best value had been achieved, given the apparent discrepancy between the bid value and the open market value of the site that has been reported in the local media, and the length of the lease. The Chair reiterated the advisory purpose of the Scrutiny Committee, and the need for proportionate and achievable recommendations.

58.7 The Committee RESOLVED to (1) note the work programme; and  
(2) establish a Panel to advise the Lead Member for Resources.

## 59 EXCLUSION OF PUBLIC AND PRESS

59.1 The Committee RESOLVED to exclude the public and press from the meeting for the remainder of agenda item 13 on the grounds that if the public and press were present there would be disclosure to them of exempt information as specified in paragraph 3 of Part 1 of the Local Government Act 1972 (as amended), namely information relating to the financial or business affairs of any particular person (including the authority holding that information).

## 60 SCRUTINY COMMITTEE FUTURE WORK PROGRAMME

60.1 The Committee discussed the future work programme and the St Anne's site.

60.2 The Committee RESOLVED to establish a Panel consisting of Councillors Barnes, Lambert and Whetstone to examine whether further work is required in respect of:

- The Management Agreement and its interaction with the 999 year lease
- The County Council's obligations should the bidder default

## 61 NEXT MEETING

61.1 The next meeting of the Committee will be held on 15 July 2016.

The meeting ended at 1.22 pm.

Councillor Mike Blanch  
Chair