

**MINUTES OF THE MEETING OF SCRUTINY
HELD AT FOLLATON HOUSE, TOTNES ON THURSDAY, 19 APRIL 2007**

MEMBERS

* Cllr S M Fairman - Chairman

* Cllr B C Evans - Vice-Chairman

* Cllr G J Fielden

* Cllr P W Hitchins

* Cllr C M Pannell

* Cllr J T Pennington

* Cllr G Rothwell

* Cllr J W Squire

* Denotes attendance

Also in attendance at the invitation of the Chairman:
Cllrs B E Carson, M F Saltern, R J Tucker and R O Yonge

Officers in attendance:

Items 6, 7, 8, 9 and 10 (Minutes SC.67/06, SC.68/06, SC.69/06, SC.70/06 and
SC.71/06 below refer) – Strategic Director (Operations);

Items 6, 7, 8 and 9 (Minutes SC.67/06, SC.68/06, SC.69/06 and SC.70/06 below
refer) – Strategic Director (Resources), Head of Improvement and Senior Auditor;

Items 6, 7 and 8 (Minutes SC.67/06, SC.68/06 and SC.69/06 below refer) – Karen
Green (Relationship Manager – Audit Commission) and Craig Sullivan (Manager –
PricewaterhouseCoopers LLP);

Item 10 (Minute SC.71/06 below refers) – Head of Business Development.

SC.64/06 MINUTES

The minutes of the meeting of Scrutiny held on 22 March 2007 were confirmed as a correct record and signed by the Chairman.

SC.65/06 URGENT BUSINESS

The Chairman advised that she had agreed for one urgent item of business to be raised at this meeting. The item was entitled: '2006/07 Interim audit – progress report' and related to a progress report from the Council's external auditor, PricewaterhouseCoopers (PWC) LLP. The item was considered urgent in view of the need to enable Members to comment on the report prior to the commencement by PWC of the final audit and would be taken as Item 8 (Minute SC.69/06 below refers).

SC.66/06 DECLARATIONS OF INTEREST

Members were invited to declare any interests in the items of business to be considered during the course of the meeting but there was none made.

SC.67/06 **COMPREHENSIVE PERFORMANCE ASSESSMENT – USE OF RESOURCES – ASSESSMENT RESULTS**

Scrutiny considered a report which presented the summary results produced by the Council's External Auditor, PricewaterhouseCoopers (PWC) LLP of the council's use of resources, which had been completed in accordance with the methodology and guidance issued by the Audit Commission.

In presenting their findings, Karen Green (Relationship Manager – Audit Commission) and Craig Sullivan (Manager – PWC LLP) wished to thank the Council for its positive and constructive approach to its audit and inspection and also wished to express their appreciation for the Council's assistance and co-operation.

During discussion, particular reference was made to:-

- (a) the production of an annual summary report. Members were informed that to gain a top score of '4', the annual report was required to be a stand-alone document, as opposed to the current Council practice of including it within the 'South Hams Matters' publication. The Auditors did acknowledge that the Council would have to decide whether production of a stand-alone document would be cost-effective;
- (b) errors identified as being 'greater than trivial'. It was confirmed that such errors were defined as those amounting to more than £1,000 and tended to relate to estimates in which small numerical figures were either rounded up or down;
- (c) the perceived importance of obtaining the top score of '4'. Members noted that the Council should not be concerned solely with 'score chasing' but should consider it in conjunction with whether or not an improved score would result in any benefit to residents;
- (d) the quarterly budget monitoring reporting to the Executive. Members were advised that to provide additional quarterly reporting information on the balance sheet would be extremely costly and demanding upon resources. This would be due to the requirement to close down the accounts quarterly and Members questioned the value of undertaking such a process;
- (e) the establishment of an Audit Committee. Members welcomed its establishment to further improve levels of financial control in the Council. The importance of the membership of the Audit Committee being pro-active and the need for regular finance training in order to maximise its effectiveness were also highlighted;

- (f) apparent contradictory statements relating to street cleaning. In light of a Member citing conflicting examples within the presented report with regard to street cleaning improvements, officers advised that it was believed that there had been an issue with regard to the measurement of BVPI 199 in the auditors' data for 2005/06, which had subsequently been addressed for the 2006/07 period;
- (g) the score of '2' for the way in which the Council managed and improved value for money. It was noted that the main reason for this rating was attributed to procurement. The Group was assured that the Council was taking steps to improve in this area, with an e-Procurement Policy and Strategy due for consideration by the Executive on 7 June 2007 and a shared procurement officer post with Teignbridge District Council currently being advertised.

Members concluded that the overall performance of the Council was worthy of praise and wished for this message to be conveyed to staff and felt that these comments also applied to the Annual Audit and Inspection letter (Minute SC.68/06 below refers). In addition, the Leader of Council stated his pride that such results had been obtained at the end of the four-year term of this Council.

RESOLVED

1. That Scrutiny welcomes the report and wishes to congratulate staff on achieving the good performance;
2. That Scrutiny requests that future costs (as referred to in paragraph d above) be noted and kept under review;
3. That Scrutiny wishes to welcome the recent establishment of the Audit Committee.

SC.68/06 **ANNUAL AUDIT AND INSPECTION LETTER**

A report was considered which provided an overall summary of the Audit Commission's assessment of the Council.

The report included the following main messages:

- The Council had continued to make progress against its six priorities for improving the well-being of the people of South Hams;
- Service performance overall had remained strong in comparison with district councils nationally, as measured by best value performance indicators (BVPs);

- The Council had taken measures to strengthen capacity and had been successful in securing external funding for a wide range of development initiatives;
- The Council had maintained an overall score of '3' ('performing well') for its CPA Use of Resources judgements in 2006/07. Although the overall score had remained the same, there had been improvements across all areas of the assessment, and this placed the Council in a good position for the future.

In discussion, reference was made to:-

- (a) the section in the presented report relating to the 'Action needed by the Council'. Members felt that in future reports, this section should be re-titled along the lines of: 'Action which the Council should continue to take to improve';
- (b) the need to continue to focus on diversity and equality issues. In accepting that the Equality Strategy had recently been updated, the auditors believed that there was potential for improvement in terms of the Council being seen to be a community leader;
- (c) the impact from neighbouring areas on fly tipping. Members felt that this issue should not be considered in isolation, and when compared with other authorities, the impact on residents from neighbouring areas fly tipping in the South Hams should be borne in mind. In response, Members were informed that there were local experts employed by the auditors on waste issues who would be put in contact with both the local auditors and the Council in due course to investigate this matter;
- (d) performance in processing housing benefit and council tax claims. Scrutiny noted that whilst the measure used to deal with claims had changed, the service had been processing claims just as quickly and in reality, the performance of the service had not significantly changed. It was confirmed that speed in processing claims remained a high priority and was closely monitored;
- (e) being an accessible Council. In expressing concern, a Member cited examples with regard to the length of time being taken by the Customer Services Unit (CSU) in terms of both answering the telephone and being kept on hold. In response, officers stated that response rates were monitored daily and whilst the CSU had received an exceptional volume of calls recently, indicators demonstrated a monthly improvement in performance. Nonetheless, officers advised that they would investigate the matter further.

RESOLVED

That while Scrutiny welcomes the report and congratulates staff on the Council's performance, the above comments be noted.

SC.69/06 2006/07 INTERIM AUDIT – PROGRESS REPORT

Members considered a report which intended to provide management and Scrutiny with an update on the progress of the 2006/07 audit.

In discussion, the following points were raised:-

- (a) The compulsory changes to the Statement of Recommended Practice (SORP) were highlighted as being a matter for concern. Officers stated that the changes were likely to result in significant resource implications to ensure compliance, without creating an end result which was more enlightening or informative. It was requested that the matter be presented back to Members if it be found to create major resource implications;
- (b) A Member felt it disturbing that the contract for Admiral Court Phase 2 was prepared but had inadvertently not been signed before the commencement of work. In response, officers confirmed that measures had subsequently been taken to ensure that such matters would not occur again;
- (c) A Member questioned why it was not considered necessary for Members to have information relating to staff overtime costs and trends. In reply, it was considered that Members would not wish to be over burdened with too much operational detail and were more likely to be concerned with the overall budget control of the Council. In accepting the principle, a Member stated that there could be a correlation between levels of overtime and staff sickness/absence, which could be useful information for Members;
- (d) Members felt that the term 'aged debtors' was regrettable and felt that in future, the term should be re-named 'long-term debtors';
- (e) It was noted that exit interviews for staff leavers were proposed to be re-built into the work plan as soon as was practically possible. The impact of staff absences within such small teams was acknowledged by Members.

RESOLVED

That the report be noted and Craig Sullivan and Karen Green be thanked for their attendance and helpful contributions.

SC.70/06 INTERNAL AUDIT – ANNUAL INTERNAL AUDIT PLAN 2007/08

A report was considered which provided Members with the opportunity to review and comment upon the audit plan for 2007/08.

Internal Audit was an assurance function that primarily provided an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisations goals. Internal Audit objectively examined, evaluated and reported on the adequacy of the control environment as a contribution to the proper, economic and efficient use of resources.

During the discussion, reference was made to:-

- (a) officer perception of the establishment of an Audit Committee. In response to a question, officers advised that they welcomed its establishment and hoped it would become a useful tool to benefit the organisation;
- (b) the assessment of risk for the three-year audit plan. It was noted that statistical methodology was undertaken on an annual basis for identified systems. Members were also informed that the methodology was not subjective and took account of issues including: the value of transactions and political sensitivity;
- (c) the absence of the Internal Audit Manager. When informed of the sickness absence of the Internal Audit Manager, Scrutiny requested that a letter be sent on its behalf wishing the officer best wishes and a speedy recovery.

RESOLVED

That Members have reviewed and commented (as recorded above) upon the audit plan and computer audit programme for 2007/08.

SC.71/06 OPPORTUNITIES FOR INTEGRATING DISTRICT AND COUNTY STREET CLEANSING SERVICES ON THE PUBLIC HIGHWAY

A report was considered which sought to explore opportunities for delivering services on street cleansing with other agencies, in particular with Devon County Council, with the potential of gaining efficiency savings which could be invested in improving service delivery on the ground.

The report made reference to the wish for residents and visitors alike to have a well maintained and clean district. It was for the Council to determine how best to ensure this wish be met within the confines of a limited budget resource. The advantages of partnership working, specifically on street cleansing, would produce a more effective service. The report also highlighted that in the long term, by some re-organisation of duties e.g. by undertaking the parish lengthsman duties (currently undertaken by Devon County Council), a seamless service should be able to be operated.

During discussion, reference was made to:-

- (a) the hope that these initial short-term proposals would be extended and in the long-term could lead to some larger scale proposals which could be to the benefit of all agencies. Officers stated that the main aim would be to drive out inefficiencies and cease the practice of different agencies duplicating the same piece of work (e.g. through cutting the same area of grass). A Member also felt that such working practices could provide a tremendous opportunity to co-ordinate services and stated the importance of timing and seasonal co-ordination (e.g. to eradicate the instances whereby grass was being cut just after an adjoining street had been swept);
- (b) the duties of the parish lengthsman. A number of Members supported the proposal whereby consideration in the long-term be given to the Council undertaking the parish lengthsman duties. In being of the view that the present parish lengthsman service often had to cover too vast an area, a Member also requested that the feasibility of integrating their role with that of the road sweepers be investigated;
- (c) concern over detritus and weeds. Some Members stated that detritus and weeds were a cause of concern within their towns and parishes. In acknowledging that budget constraints had led to leaner contracts with South West Highways, the importance of being able to deliver these contracts and whether the spraying of weeds could be undertaken earlier in the year were highlighted;
- (d) the impact of the recently published Local Government White Paper. It was noted that the White Paper had made reference of the need to improve working relations between the County, District and Town and Parish Councils. The Leader made reference to the combined resources of these authorities and stated that in the event that local residents requested that a level of service be over and above what could be provided from these resources, then the onus should be on those residents to subsidise it;

- (e) a service level agreement. Officers advised that it was possible for a service level agreement to be achieved (subject to satisfactory discussions and cost allocations with partner agencies) and presented back to a future Scrutiny meeting. However, a Member felt it was unworkable to start up one uniform arrangement which applied to all town and parish councils and therefore felt that some town and parish councils further advanced in this area could initially be used to take part in a pilot scheme;
- (f) progress made in this area. Members requested that officers provide an update report to Scrutiny in the future which outlined progress made to date and the likelihood of whether any proposals would lead to any fundamental policy decisions.

RESOLVED

That Scrutiny:

1. Welcomes the progress made to introduce a seamless highway/street cleansing service with the County Council and supports the way forward as set out in the presented report;
2. Requests that an update report be presented back in the future which outlines progress made to date and the likelihood of whether any proposals would lead to any fundamental policy decisions.

SC.72/06 AGENDA ITEMS FOR FUTURE MEETINGS OF SCRUTINY

Members considered the schedule of future items for consideration and in particular welcomed the fact that Mr Iain McGuffog (South West Water Business Planning Manager) had indicated a willingness to attend a Scrutiny Group meeting in the near future.

SC.73/06 MEMBERS' CONCLUDING COMMENTS

In light of this being the last meeting of Scrutiny before the local elections were due to take place, Members wished to thank the Chairman for her hard work and efforts. In response, the Chairman wished to thank Members and officers for their input and diligence throughout the four-year term of office.

(Meeting commenced at 10.00 am and concluded at 12.40 pm).

Chairman