

**PRINCIPAL SCRUTINY COMMITTEE**

**26 March 2007**

Attendance:

Councillors:

Learney (Chairman) (P)

Anthony (P)  
Chapman (P)  
Clohosey (P)  
Collin (P)  
Cook (P)  
Evans (P)  
Chamberlain (P)  
Hiscock (P)

Huxstep (P)  
Jeffs (P)  
Lipscomb (P)  
Macmillan (P)  
Mather (P)  
Saunders  
Rees (P)  
Worrall (P)

---

1. **APOLOGIES**

Apologies were received from Councillors Saunders and Beckett (The Leader).

2. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman made no announcements.

3. **MINUTES**

RESOLVED:

That the minutes of the previous meeting of the Committee held on 12 February 2007, less exempt items, be approved and adopted.

4. **PUBLIC PARTICIPATION**

There were no questions asked or statements made.

5. **INTERNAL AUDIT PLAN FOR 2007/08 TO 2009/2010**

(Report PS278 refers)

The Director of Finance reported that the three year Internal Audit Plan had been linked to the Council's Strategic and Department risk registers to ensure it was a risk based audit plan.

It was also noted that the number of productive audit days available was high in comparison some other Councils, but these figures were not always calculated on the same basis.

RESOLVED:

That the three year Internal Audit Plan be approved.

6. **INTERNAL AUDIT UPDATE: TO FEBRUARY 2007**  
(Report PS277 refers)

Following discussion, it was agreed that the exempt status of Appendix C to the Report, which referred to an Internal Audit Report on Telephone Usage, be lifted and the paper be made available as a public document.

The Director of Finance advised that performance against the target to achieve 90% completion of the Internal Audit Plan was likely to be achieved.

The Committee referred to an Audit of the Council's creditors system and the Director acknowledged the identification of weaknesses in the current manual procedures. She advised that improved system controls were more likely to be enforced with a modern electronic commitment system and was part of the impending project to replace existing financial management systems.

Further to the findings in the Audit Report on Customer Service Standards (Appendix B), it was agreed that it would be preferable to centrally control and monitor all response times to all emails sent to generic addresses throughout the Council. The Chief Executive undertook to investigate the matter.

RESOLVED:

1. That the matters raised by Internal Audit and action taken by Management be noted.

2. That Appendix C to the report be no longer classified as Exempt under Paragraph 1 of part 1 of Schedule 12 A of the Local Government Act 1972 and be made available to the public.

7. **ANNUAL AUDIT AND INSPECTION LETTER 2005/06**  
(Report PS280 refers)

The Chairman welcomed to the meeting Mr Hepenstal from the Council's external auditors, PricewaterhouseCoopers (PwC) and Ms Krywald, Relationship Manager of the Audit Commission.

The Chief Executive advised that the document confirmed that the Council continued to progress well in terms of continual improvement to services. Areas where performance was shown to require further improvement had been noted by Corporate Management Team for appropriate action.

It was confirmed that the Letter, as an overall summary of the assessment of the Council, would be placed in the public domain following its acceptance by this Committee. In addition to this, a fuller version of the Use of Resources assessment (Table 1 page 13 of the Appendix) had been supplied to the Chief Executive. The Chief Executive clarified that this document set out various key lines of enquiry and included detailed benchmarking data; it was intended to act as a critique on how the Council operated its services in comparison to others. Following discussion, it was agreed that this document be considered by the Scrutiny Chair's Liaison meeting and any concerns then referred to the relevant Scrutiny Panel.

The Chief Executive reminded Members of the Audit Commission's 'value-for-money' tool available on their website, which provided a useful indicator for comparative costs at which services operate. During discussion, the Chief Executive agreed to provide the Committee with a list of other recent in-depth reports on the Council's work that had been produced by PwC.

Responding to a question, the Chief Executive advised that he was satisfied that roll-out of the Alternate Weekly Collection service would be completed on target.

Members referred to the Annual Audit and Inspection Letter 2005/06 as appended to the Report and, at the invitation of the Chairman, Mr Hepenstal and Ms Krywald provided explanations and answered questions.

#### Direction of Travel

Ms Krywald reported that the Audit Commission was generally satisfied that the Council showed continual improvement in most service areas and that it had acknowledged those areas that still required attention. She also explained that the Report was mainly based upon 2005/06 data and the improvements demonstrated since the previous Annual Audit and Inspection Letter. In conclusion, for the Council to maintain its current direction of travel, it should continue to drive down costs, yet improve services. She agreed to clarify the letter to distinguish references to evidence based on audited 2005/06 data from evidence based upon trends emerging in the current year.

Ms Krywald responded to a question with regard to the statement at paragraph 7, on page 5 of the Appendix – 'The Council is clearer about its priorities and is putting in place arrangements to help it deliver them more effectively.' She clarified that the Council appeared to have shown progress in aligning its financial planning with its corporate priorities, notably by reducing the number of priorities overall. Following discussion, it was agreed that that this sentence be rephrased as follows:

'The Council now has smaller and more focussed priorities overall and as a consequence, is able to deliver them more effectively.'

Further to a question with regard to the summary of action needed by the Council (page 4 of the Appendix), Ms Krywald explained that although some progress had been made in the speed of determining planning applications, more evidence was required that this improvement was sustainable. The Council should ensure that the service was adequately resourced, having regard to the number of planning applications submitted, inclusive of more challenging cases associated with historic buildings etc. Further to this, the Chief Executive reported on the recent Planning Advisory Service Peer Challenge Review. This had utilised a number of relevant comparators and that its conclusions to maintain service standards had been incorporated into the most recent Planning Control Division Business Plan.

The Chairman made reference to the CPA Inspection having previously been critical of the Council not identifying 'non-priorities'. Responding, Ms Krywald was satisfied that, by having more focussed priorities overall, the Council had addressed this issue and non-priorities need not be specifically listed.

The Committee discussed comments in paragraphs 11 and 13 (pages 6 and 7 of the Appendix). This firstly related to the Councils approach to tackling poor housing conditions in the private sector. It also referred to the Council being required to maintain an acceptable level of average re-let times in its housing stock, to ensure improvements in addressing homelessness. Although noting that the figures had been skewed by several long-term voids successfully being brought back into service, Members agreed that Cabinet's attention be drawn to these concerns.

#### Financial Management and Value for Money

The Director of Finance reported that she was satisfied that the assessment had indicated that improvement in this area was continuous. Those areas requiring improvement over the forthcoming year had been identified accordingly.

Mr Hepenstal reminded the Committee that, at its meeting held on 16 October 2006, PwC had reported on the 2005/06 financial and operational audits and had issued an unqualified opinion. He clarified that the Audit and Inspection Letter included more detailed information on the Council's arrangements for the use of its resources and the quality of its data. The Council's score of '2' for Financial Management (Table 1, page 13 of the Appendix) was representative of a need to develop an Asset Management Plan, to reflect the Council's large portfolio of non-housing land and building assets. This would ensure that future costs for repairs were factored into longer term spending projections. Ms Krywald also emphasised that the Council's overall assessment of '3 out of 4' for use of resources was very good and that an overall score of '4' was unusual for Shire districts and indicative of particular groundbreaking and innovative working.

It was reported that the Council continued to progress its procurement activities as a method to contribute to reducing costs. This had contributed positively to the value for money assessment.

#### Data Quality and Performance Indicators

Mr Hepenstal reported that the overall assessment of '2' in terms of data quality (paragraph 43, page 15 of the Appendix) was representative of the need to strengthen the current management arrangements to secure good quality data. Although acknowledging that reasonably robust systems were in place, the Council should be assured that it did not implement poor decisions as a consequence of inaccurate data. The Chief Executive stated that he accepted that the Council should improve its arrangements to secure good quality data, as a sound basis for its performance management.

During discussion, the Chief Executive reminded Members that the Performance Division Business Plan (PS282, elsewhere on the agenda refers) set out as a key service priority for 2007/08 to develop and implement a data quality strategy.

#### RESOLVED:

1. That, subject to clarification proposed by the Audit Commission upon the matters raised in the discussion above, the Annual Audit and Inspection Letter 2005/06 be accepted as presented in the Report.
2. That the PricewaterhouseCooper Value for Money Study be considered by the Resources Scrutiny Panel.

3. That the attention of Cabinet be drawn to comments made in the following paragraphs of the Annual Audit and Inspection Letter 2005/06:

- (i) Paragraph 11 – Private Sector Housing
- (ii) Paragraph 13 - Housing Void re-let times

4. That the Use of Resources Assessment be considered by the Scrutiny Chairs Liaison Meeting and any concerns then referred to the relevant Scrutiny Panel.

8. **RISK MANAGEMENT UPDATE**  
(Report PS276 refers)

At the invitation of the Chairman, Mr Hepenstal reiterated the conclusions of the PwC review of the Council's risk management procedures (Appendix C to the Report).

During discussion, the Director of Finance reported that an internal officer group reviewed all strategic risks on a monthly basis, in addition to those potentially emerging. She acknowledged the conclusions of PwC that adequate processes were in place, but that the Council should ensure that these were fully and robustly embedded within procedures.

Further to this, the Chief Executive stated that he was satisfied that Heads of Division were 'risk aware' in their day to day work. Risk Management was a key area of the Business Planning process and the new Covalent performance management software would provide additional assistance by highlighting potential concerns at the earliest opportunity.

RESOLVED:

That the progress on the current Risk Management arrangements and the further action being taken be noted.

9. **EFFICIENCY UPDATE**  
(Report PS279 refers)

The Director of Finance reported that the outturn position on the original efficiency targets were to be reported in June 2007.

Further to questions with regard to the Appendix to the Report, it was confirmed that the cross cutting corporate services efficiencies did not include those likely to be achieved by the proposals for organisational development. The Director of Human Resources also stated that although a financial figure had not yet been included with regard to reduction in sickness absence, she was satisfied with the procedures to reduce sickness levels. An amount would be available at year end for inclusion in the efficiency gains table.

RESOLVED:

That the current position be noted.

10. **SCRUTINY REVIEW – GERSHON EFFICIENCY SAVINGS**  
(Report PS281 refers)

As Chairman of the Informal Scrutiny Group, Councillor Hiscock thanked the Members and Officers on the Group and those who had been interviewed as part of the review.

The Chief Executive reported that he welcomed the recommendations of the Group. He acknowledged that one officer (the Chief Executive) and a portfolio holder should have overall responsibility for the efficiencies programme.

RESOLVED:

1. That the Principal Scrutiny Committee keeps an overview of Council work on efficiencies and progress made to achieve target efficiency savings;

2. That it be recommended to Cabinet that:

2.1 responsibility for driving forward the efficiency programme be transferred from the Portfolio Holder for Finance and Resources to the Portfolio Holder for Performance and Communication, to ensure that attention is given to 'value for money' rather than being focused primarily on financial targets;

2.2 both Cabinet and Corporate Management Team continue to give strong leadership in support of more efficient working, with an increased emphasis on better working practices (removing duplication and streamlining processes), in addition to the current emphasis on direct cost savings;

2.3 formalised project plans are drawn up, using the Council's project management system, for implementing all elements of the 2010 programme, with these to be in place no later than end July 2007;

- as part of the project plan relating to the efficiencies element of the 2010 programme, particular attention is given to identifying any investment required to achieve sustainable efficiency savings;
- as part of the project plan relating to the current round of organisational development, the outcomes from the changes are clearly identified, with monitoring systems in place to check that they are delivered;

2.4 the proposed 'change team' looking at efficiencies is given a remit that goes beyond achievement of efficiency savings required to meet Gershon targets, to enable it to also identify areas where more fundamental change to services is required. As part of its remit, this team also be asked to;

- put in place a delivery plan to implement the agreed Efficiency Strategy as soon as possible;

- look at the possibility of introducing 'value for money' assessments on the lines used by Fareham Borough Council;
- put in place an incentive scheme, possibly linked to the 'Alfie' awards, to encourage staff to identify and implement more efficient working practices.

2.5 that all service reviews are selected to help drive efficiency and include consideration of value for money being achieved by the service or area under review.

2.6 wherever possible, performance monitoring reports to include relevant benchmark information and information on unit costs and how they compare to 'industry standards'.

2.7 progress with improving interfaces between key Council IT systems, in particular in the Customer Service Centre, be kept under review to ensure that current double entry of data is stopped as soon as possible.

11. **SCRUTINY OF DRAFT BUSINESS PLANS 2007/08 – PERFORMANCE DIVISION**  
(Report PS282 refers)

Responding to a question with regard to Key Performance Indicators (page 6 of the Appendix to the Report), the Chief Executive advised that data for BVPI 3 and 4 were published tri annually. The last survey was undertaken in 2006 and it was envisaged that the Audit Commission would release the data imminently. It was requested that the full information be presented to Members when available.

It was clarified that the Corporate Strategy Implementation Plan was intended to draw on all information assembled in Business Plans, to reflect the aspirations of the Council over the forthcoming year. The Chief Executive also reminded Members that Scrutiny Panels would continue to monitor key service priorities in all the Business Plans on a quarterly basis. Further to this, the Covalent performance management software would allow for the better recording of comments, and documenting of changes to the Business Plans overtime. It was suggested that the operation of the system be explained to Members in due course.

RESOLVED:

That the Report be noted

12. **MINUTES OF SCRUTINY PANELS**

The Committee noted that at its meetings on 13 February and 7 March 2007, Cabinet had received the minutes of Scrutiny Panels.

RESOLVED:

That the minutes of the Environment Scrutiny Panel held 24 January 2007; Local Economy Scrutiny Panel held 29 January 2007; Social Issues Scrutiny Panel held 30 January 2007; and Resources Scrutiny Panel held 31 January 2007, be received and the recommendations therein be noted.

13. **SCRUTINY WORK PROGRAMME (REPORT PS275 REFERS), APRIL 2007 FORWARD PLAN AND ITEMS FOR FUTURE CONSIDERATION**

RESOLVED:

That the Scrutiny Work Programme and Forward Plan for April 2007 be noted.

14. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

| <u>Minute Number</u> | <u>Item</u>   | <u>Description of Exempt Information</u>  |
|----------------------|---|---|
| ##                   | Exempt Minutes of the previous meeting held 12 February 2007:<br>• Hat Fair Funding | ) Information relating to the financial or business affairs of any particular person (including the authority holding that information). (Para 3 Schedule 12A refers)   |
| ##                   | Organisational Development  | ) Information relating to any individual. (Para 1 Schedule 12A refers)<br>) Information which is likely to reveal the identity of an individual. (Para 2 Schedule 12A refers)<br>) Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority. (Para 4 Schedule 12A refers) |



15. **EXEMPT MINUTES**

RESOLVED:

That the exempt minutes of the previous meeting, held 12 February 2007, be approved and adopted.

16. **CONSIDERATION OF ITEMS UNDER THE COMMITTEE'S POWERS OF CALL-IN**

**ORGANISATIONAL DEVELOPMENT**

(Report CAB1443 refers)

The Committee noted that Cabinet would consider the Report at its meeting on 28 March 2007.

The Committee considered the Report under its powers of call-in which set out proposals regarding the organisational development of the City Council (detail in exempt minute).

The meeting commenced at 6.30pm and concluded at 10.25pm

Chairman