

**PERFORMANCE AND AUDIT SCRUTINY COMMITTEE
3RD MARCH 2009**

PRESENT: The Chair (Councillor Burr)
The Vice-chair (Councillor Bokor)
Councillors Barkley, Duffy, M. Hunt, Jukes,
Newton, Osborne, Radford and Walker

APOLOGIES: Councillors Goss, Hodgson and Stork

66. MINUTES

The minutes of the meeting of the Committee held on 20th January 2009 were confirmed as a correct record and signed.

67. DISCLOSURES OF PERSONAL INTEREST

No disclosures of personal interest were made.

68. DECLARATIONS – THE PARTY WHIP

No declarations of the existence of the Party Whip were made.

69. PARKING/ENVIRO-CRIME ENFORCEMENT STATISTICS

A report of the Director of Leisure and Environment on this matter was submitted (item 5 on the agenda filed with these minutes). The Committee had requested quarterly reports on this matter at its meeting on 22nd December 2008, following its consideration of the 2009/10 Draft Budgets and Service Delivery Plans (see minute 56 – 22nd December 2008). This was the first such quarterly report.

The Director of Leisure and Environment attended the meeting to assist the Committee and briefly outlined the report, including where information remained to be included and explaining some of the trends shown by the report. The information which had not been included in the report would be provided as soon as possible to members of the Committee.

In considering this matter, reference was made to the following issues:

- (a) Discussion regarding the link between leaflet campaigns by the Council and the number of enforcement warning notices for incorrect use of waste receptacles. Details of the frequency/dates of those campaigns could be provided. Information on number of warnings was record of Council's enforcement work, rather than providing information on incorrect use. Reference was made to use of patterns of behaviour data to inform education work/campaigns.

- (b) Local authorities' powers relating to litter on private land included school grounds. In response to a question, confirmation was given that work was being undertaken to improve litter problem on particular sites in Shepshed.
- (c) Reference to dog waste receptacles being the responsibility of the Borough Council in some cases and the County Council in others. That caused difficulty when trying to resolve a problem and/or achieve additional provision. A unified service was needed. It would be useful for a survey of existing provision to be undertaken to identify where that was insufficient. In response, Director would like a more proactive approach and to improve working between Borough and County Council in this area.
- (d) Recent improvement in the Street Management service was welcomed. It was not always clear to customers whether a matter was a Borough or County Council responsibility. The Borough Council could be more helpful when passing matters to County if officers were able to provide details of the particular County Council officer to contact or contacted that officer and informed customer the customer that they had done so. That knowledge needed to be recorded and consistently provided to customers. In response, Director stated that points of contact at County Council were known and that that information should always be given.
- (e) Reference to a previous request by a councillor for graffiti statistics (number of defacement notices and primary/secondary warnings issued and number of formal partnership arrangements). A response had been provided but had not included statistics. The report to this Committee did not include sufficient statistical information for graffiti and fly tipping. Future quarterly reports to the Committee should include that.
- (f) In respect of Fixed Penalty Notices, it was expected that the percentage paid in 2008/09 would be similar to that for 2007/08 as some issued remained to be included in the total to date and a further month remained of 2008/09. It was confirmed that payment was being enforced.

The Director of Leisure and Environment would inform Councillor Radford as soon as possible of the maximum number of dogs which could be walked by one person (under the requirements of the Clean Neighbourhood Environment Act 2005).

In addition to providing the information which had not been included in the report (referred to earlier in this minute), the Director would also provide to members of the Committee as soon as possible financial information relating to on-street parking enforcement (a member of the Committee had questioned whether that was self-financing as the Government had indicated it should be).

RESOLVED that the report be noted, with future quarterly reports to the Committee to include the statistical information on graffiti and fly tipping referred to in (e) above.

70. HUMAN RESOURCES ISSUES

A report of the Deputy Chief Executive setting out the position in respect of a number of Human Resources issues was submitted (item 6 on the agenda filed with these minutes). These reports were considered by the Committee on a quarterly basis.

The Head of Human Resources attended the meeting to assist the Committee and briefly outlined the report. Further to report, she stated that it was now anticipated that the Council would come closer to meeting its 8.5 day sickness absence target than had been suggested in the report, following good sickness absence levels in February 2009. Sickness absence in 2008/09 would be lower than last year and last year's target.

In considering this matter, reference was made to the following issues:

- (a) In response to a question, information provided on work aimed at meeting targets relating to employment of minority ethnic groups and women in top paid 5%. It was confirmed that those targets remained in place.
- (b) Discussion regarding measures being employed to improve sickness absence, in particular long-term sickness absence, including flexible approaches to returning to work, further details of which were outlined. Reference was made to use of occupational health service to provide medical advice. Resulting improvements in long-term sickness absence had been made. Reasons for and patterns of absence were considered as part of the work in this area.
- (c) Concern that reasons for leaving were being obtained for only a small number of leavers. Such information was important to the Council, including in respect of assessing morale. Current system for requesting information from leavers was outlined (invite to attend interview, if unable to do so asked to complete questionnaire). Suggestion made that telephone call might provide higher response rate. Leavers would not provide the information if they did not want to. Reasons for leaving reported annually to Committee to prevent possibility of identifying individuals. Number of leavers small in comparison to overall numbers employed.
- (d) In respect of turnover, concern that information on other local authorities was not available in the report, for the purposes of comparison.
- (e) Concern that long-term sickness was higher in some departments with the reasons for that not being known. In response, brief explanation of the reasons that might occur, including the disproportionate effect of a single member of staff's absence on a small department, the type of work undertaken within the department, the circumstances within particular services at certain times, etc. Suggestion that information in report on long-

term sickness absence might be more detailed, including details of numbers of staff members involved.

- (f) The information provided in Table I of the report was not in equal time periods/quarters and comparisons could not, therefore, be made. In response, the Head of Human Resources agreed to look into that and amend for future reports.
- (g) Concern that agency staff had been employed when it might have been possible and more cost effective to appoint staff on short-term contracts. In response, reference was made to recent review of grounds maintenance service which would reduce budget for use of temporary agency staff in future. Also, to requirement over past months not to fill vacant, permanent posts in services due to be outsourced, which had, in some cases, required use of agency staff.
- (h) Concern that the long period of uncertainty in relation to the Shared Services project/outsourcing of services must have damaged morale among staff. Any such damage needed to be addressed. In response, periods had been difficult with anxiety over particular aspects of the proposals such as location. Sickness absence levels in Directorate affected by proposals were relatively low.

RESOLVED

- 1. that the quarterly report on Human Resources issues be noted;
- 2. that a report be submitted to the next meeting of the Committee outlining the sickness absence levels in the Leisure and Environment Directorate and the reasons for those.

71. CONTRACT MANAGEMENT – FOLLOW-UP AUDIT REPORT

This item had been deferred to this meeting at the Committee's last meeting on 20th January 2009. A report of the Director of Governance and Procurement setting out the follow-up audit report for Contract Management was submitted (item 10 on the agenda filed with these minutes). The Committee had asked to receive this report when available at its meeting on 16th June 2008, following its consideration of the Internal Audit Annual Report for 2007/08 (see minute 15 – 16th June 2008).

The Director of Governance and Procurement and the Head of Performance and Audit attended the meeting to assist the Committee. Further to the report, the Director of Governance and Procurement briefly outlined the current position in respect of Contract Management and the Council, acknowledged that the outcomes expected had not yet been achieved and detailed the approach intended to move forward. The latter involved consideration of the position overall and introduction of new processes (rather than trying to correct existing processes), enhanced monitoring while that was taking place and work to increase awareness/training.

Further details were provided of the work to be undertaken in those respects and the reasons for the proposed approach.

In considering this matter, reference was made to the following issues:

- (a) Concern was expressed regarding Council's approach in adopting policies and procedures which it then assumed were being undertaken but, in practice, did not permeate the organisation and become part of working practices. In terms of timescale, the way forward now being suggested might not provide progress sufficient to meet the Committee's expectations.
- (b) In response to a question, details were provided of the role of the Corporate Procurement team in supporting services in their purchasing and monitoring compliance. Heads of Service were responsible for compliance. Important that Heads of Service were making sure that members of staff were complying. There was brief discussion regarding culture of the Council and how the purchasing system was not always adhered to, together with the training that had already taken place and had included all Heads of Service.
- (c) Reference was made to Eastern Shires Purchasing Organisation (ESPO) and benefits of working with it in respect of procurement. In response, brief outline was given of existing use of ESPO by Council, also Leicestershire Procurement Partnership. It was important to make use of such frameworks where appropriate, although, in some circumstances, better value for money could be achieved outside of those. Reference made to other considerations such as use of local suppliers.
- (d) In response to a comment regarding Internal Audit, details of the role of that team were outlined. In summary, the Contract Management audit had identified problems and areas for improvement and the follow-up review had been completed to assess whether the recommendations made in the original audit report had been implemented. However, it was not the responsibility of Internal Audit to deliver required improvements in respect of Contract Management or to monitor compliance on an ongoing basis.
- (e) Committee had considered issue and actions proposed previously. Significant concern was expressed regarding the extent of non-compliance with procurement procedures/Contract Management requirements, as highlighted by the work of Internal Audit. Further information on the cases of non-compliance should be made available. It was important that action was taken to improve performance in this area.
- (f) In response to a comment, clarification was provided that Charnwood Neighbourhood Housing was separate to the Council and had its own procurement rules and audit arrangements. Whether or not it was compliant with the Council's policies in this area was, therefore, not a matter for consideration by the Committee. A member of the Committee considered that the position in that respect was regrettable.

- (g) Reference was made to the Contracts Register (extent to which it had been kept up to date and responsibility for that).
- (i) Discussion regarding training undertaken to date. Concern was expressed that requirement to attend had not been sufficiently strict. All training previously identified now completed.

RESOLVED that the report be noted, together with the Committee's significant discontent regarding the insufficient progress/performance achieved to date in this area.

72. CAPITAL MONITORING

This item had been deferred to this meeting at the Committee's last meeting on 20th January 2009. A more up to date report than that submitted on 20th January 2009 was now available, as follows. The Capital Update report of the Chief Finance Officer to be considered by the Cabinet on 26th February 2009 was submitted (item 7 on the agenda filed with these minutes). The Committee undertook capital monitoring on an ongoing basis.

The Head of Financial Services attended the meeting to assist the Committee and briefly outlined the report. In response to a question, community grant funding which had been committed but not paid in 2008/09 would be carried forward to 2009/10.

In considering this matter, reference was made to several listings for housing expenditure in the report. It would be useful to have information on progress in respect Council acquiring housing provision through enabling grant/other funding processes. The matter was of significant interest to councillors. Reference was made to need to look beyond Registered Social Landlords (RSLs) and possible purchase of houses on the open market.

RESOLVED

1. that the Capital Update report be noted;
2. that the Director of Housing and Health be asked to submit a report to the next meeting of the Committee on progress in acquiring housing provision as outlined above, to also include information on housing need in the Borough.

73. REVENUE MONITORING

This item had been deferred to this meeting at the Committee's last meeting on 20th January 2009. A more up to date report than that submitted on 20th January 2009 was now available, as follows. A report of the Chief Finance Officer setting out the revenue position of the General Fund and Housing Revenue Account at end period 9

(December 2008) was submitted (item 8 on the agenda filed with these minutes). The Committee undertook revenue monitoring on an ongoing basis.

The Head of Financial Services attended the meeting to assist the Committee and briefly outlined the report.

In considering this matter, reference was made to the following issues:

- (a) Ongoing concern in respect of rent arrears and voids performance. In response, reference was made to effect of that performance on Housing Revenue Account (HRA) balance. Concern expressed regarding the balance of HRA, currently minimal, deficit likely. There was regular discussion and monitoring of position between Charnwood Neighbourhood Housing (CNH) and Council's Director of Housing and Health. Further information provided on remedial plans in place in respect of the matters and the escalation available should those plans not be sufficient in improving performance. The latter escalation had already occurred in respect of two matters. The Council was taking action to deal with problems with CNH. There was brief discussion regarding the relationship between the Council and CNH and the management agreement in that respect, together with measures the Council as sole shareholder might take, including the procedure under which such an organisation might be dissolved. Also, the management arrangements within CNH itself were briefly outlined. Reference was made to Scrutiny Panel to consider relationship between Council and CNH. It was important not just to identify problems, but to take action.
- (b) In response to a question, voids figure included Difficult to Let properties (once returned to stock).
- (c) In response to a question, 2009/10 Loughborough Special Expenses would include costs relating to Director of Loughborough Regeneration (report related to 2008/09).
- (d) Reference was made to Committee receiving capital and revenue monitoring reports on an ongoing basis and with some frequency. Such reports to the Performance Scrutiny Committee would need to be on a quarterly basis given that it would meet only four times a year, with those meetings suitably programmed to ensure quarterly information was not out of date when considered.

RESOLVED that the Revenue Monitoring report be noted.

74. WORK PROGRAMME

The position with the Committee's work programme following its meeting on 20th January 2009 was submitted (item 15 on the agenda filed with these minutes).

The Director of Governance and Procurement attended the meeting to assist the Committee. He referred to the decision of Council on 2nd March 2009 that, with effect from 4th March 2009, the responsibilities of this Committee would be divided between the newly formed Audit Committee and Performance Scrutiny Committee. The Director briefly outlined the current work programme of this committee/the remaining agenda for this meeting and provided explanation as to which matters on that programme should be considered by which committee and the reasons for that. In summary, compliance/governance/audit/procedural issues would be considered by the Audit Committee and performance/progress to the Performance Scrutiny Committee. Each of the new committees would meet four times a year (every three months). The meetings of the Performance Scrutiny Committee would take place six weeks after the end of each financial quarter (quarterly reports could then be collated and reported in a timely fashion).

In respect of this matter, reference was made to the difficulty experienced by the Performance and Audit Scrutiny Committee in completing agendas within the time available at each meeting and the need for prioritisation of the work programme. There was brief reference to the role of the Chair and Vice-chair of a Committee in prioritising agendas and indicating matters for noting, together with the effect that the Committee requesting a number of reports had had on that workload. Reference was made to training to assist effective running of meetings. Once the programme had been split as outlined above, it would remain necessary for the two new committees to prioritise the matters listed or, where appropriate amend/delete matters.

Further to a comment made earlier in the meeting, a member of the Committee reiterated the view that quarterly meetings would need to be suitably programmed to ensure quarterly information was not out of date when considered. The need to be involved in matters at particular times of the year and within a short timeframe also needed to be taken into account when programming those meetings, for example, the Performance Scrutiny Committee would need to consider Draft Budgets and Service Delivery Plans 2010/11 in December.

RESOLVED

- I. that the work programme of this Committee (including any additions/deferrals made at this meeting) be divided as follows, to accord with the responsibilities of the newly formed Audit Committee and Performance Scrutiny Committee;

Audit Committee

ISSUE	MEETING
Investment with Heritable Bank Plc (Iceland) – Cabinet response to Committee	<u>Note:</u> Report on this matter deferred at Performance and Audit Scrutiny Committee meeting 3rd March 2009.

Strategic Risk Register	<p>Quarterly. (Detailed report every six months, exception report quarters in between).</p> <p><u>Note:</u> Report on this matter deferred at Performance and Audit Scrutiny Committee meeting 3rd March 2009.</p>
<p>Progress on Internal Audit Plan 2008/09</p> <p>Data Security</p>	<p>Quarterly.</p> <p><u>Note:</u> Report on this matter deferred at Performance and Audit Scrutiny Committee meeting 3rd March 2009.</p> <p>Report on outcome of investigation once prosecution complete.</p>
2008/09 Statement of Accounts	<p>Annually. Prior to consideration by Council in June.</p> <p>Note: Short time period in which this matter can be considered.</p>
Local Code of Corporate Governance Compliance and Corporate Governance Statement	<p>Annually. Last considered June 2008.</p>
Internal Review of Effectiveness of Internal Audit	<p>Annually. Last considered June 2008.</p>
Internal Audit - Annual Report 2008/09	<p>Annually. Last considered June 2008.</p>
Treasury Management and Borrowing under Prudential Guidelines	<p>Annually. Last considered July 2008.</p> <p><u>Notes:</u> Code of Practice for Treasury Management - Amendments made as part of recommended review (following Investigation Icelandic Bank) to be reported to new Audit Committee (to be established March 2009). Report on Treasury Management and Investment Strategy (Cabinet 26th February 2009) deferred at Performance and Audit Scrutiny Committee meeting 3rd March 2009.</p>
Environmental Audits – Report on Outcomes	<p>Annually. Last considered January 2009.</p>
Ethical Investment Policy	To be programmed.
Internal Audit Business	Ongoing.
External Audit Business	Ongoing.

Performance Scrutiny Committee

ISSUE	MEETING
Performance Indicators	Quarterly. Appropriate officers to attend in respect of Indicators reported as significantly off target. <u>Note:</u> Report on this matter deferred at Performance and Audit Scrutiny Committee meeting 3rd March 2009.
Parking/Enviro-crime Enforcement Statistics	Quarterly.
Human Resource Issues	Quarterly. Next report to include specific information on long-term sickness in Leisure and Environment Directorate and reasons for that.
Capital Monitoring including Out-turn	Quarterly.
Revenue Monitoring (General Fund and HRA) including Out-turn	Quarterly.
Strategic Risk 21 (Concessionary Travel)	Next Meeting. Director of Development to submit update report on costs/costs recovery.
Disabled Adaptations	Next Meeting. Further report of the Director of Housing and Health on position with outstanding requests at end March 2009.
Acquiring Housing Provision through Enabling Grant/Other Funding, including Purchase on Open Market. Also, Housing Need Information.	Next Meeting. Report of Director of Housing and Health.
Draft Budgets and Service Delivery Plans 2010/11	Annually. December. Prior to consideration by Scrutiny Commission in January. <u>Note: Short time period in which this matter can be considered.</u>
Climate Change Strategy Action Plan – Performance	Annually. Last considered January 2009.
Free of Charge Swimming for Under 16 and Over 60 Year Olds - Impact	Report of Director of Leisure and Environment following four months of scheme operating.
Equality Standard for Local Government – Progress Towards Achieving Level 3	To be programmed.

Housing Function and Charnwood Neighbourhood Housing Computer Systems	Concern regarding duplication of functions. Report of the Director of Housing and Health. To be programmed.
Leisure and Culture Best Value Improvement Plan	To be programmed.

2. that the above work programmes be considered by the relevant committee at its first meeting and amended/prioritised where appropriate;
3. that the Scrutiny Commission be advised of that the Performance Scrutiny Committee will be proceeding on the basis of the work programme set out in resolution 1 above, subject to any amendments it might wish to make at its first meeting.

75. ITEMS DEFERRED UNDER COUNCIL PROCEDURE RULE 41

Council Procedure Rule 41 of the Council's Constitution (Length of Meetings) required that any items not completed at a meeting as a result of this rule would be deferred to the next meeting.

RESOLVED that, in accordance with the above rule, the following items on the agenda be deferred to the next meeting of either the Audit Committee or Performance Scrutiny Committee (as indicated below and on the work programmes for those Committees set out in minute 74 above):

- Item 9 – Strategic Risk Register (Audit Committee);
- Item 11 – Internal Audit Plan 2008/09 – Progress (Audit Committee);
- Item 12 – Performance Indicators (Performance Scrutiny Committee);
- Item 13 – Investment with Heritable Bank Plc (Iceland) – Cabinet Response to Committee (Audit Committee);
- Item 14 – Treasury Management and Investment Strategy (Audit Committee).

Notes:

1. No reference may be made to these minutes at the Council meeting on 20th April 2009 unless notice to that effect is given to the Head of Democratic Services by five members of the Council no later than five working days following the publication of the minutes.
2. These minutes are subject to confirmation as a correct record at the next meeting of the Committee.