

## **FINANCE & AUDIT SCRUTINY PANEL**

### **24 MARCH 2009**

*Present :-* Councillor Sue Lissimore (Chairman)  
Councillors Kevin Bentley, John Bouckley, Martin Goss,  
Dave Harris, Nigel Offen and Dennis Willetts

*Substitute Members :-* Councillor Wyn Foster for Councillor Jackie Maclean  
Councillor Peter Higgins for Councillor Jon Manning  
Councillor Ray Gamble for Councillor Laura Sykes

#### **62. Urgent Item**

Councillor Lissimore asked the panel, that due to the significant public interest in the removal of rose and shrubbery borders and beds in the borough, that Councillor T Higgins. Portfolio Holder for Culture, Tourism and Diversity should be invited to attend the meeting to give an update on this issue and the outstanding work.

Councillor Offen and Councillor Harris addressed the panel, both saying that they believed this issue should not be considered as an urgent item, and it would be appropriate for this to be heard under agenda item 7b, Items requested by other members of the Council.

Mr. Robert Judd, Scrutiny Officer said that officers had considered this issue and advised the Chairman that agenda item 3, Urgent Items, was appropriate for this discussion, given that the issue was of significant public interest, but the public had not been given notification via the agenda papers or website prior to the meeting.

#### **Have Your Say**

Ms Vanessa Higgins addressed the panel. Ms Higgins, the daughter of Councillor Theresa Higgins, Portfolio Holder for Culture, Tourism and Diversity, spoke on behalf of her family concerning the hate campaign in reference to the removal of shrub beds in the borough.

On returning home recently she was dismayed to find the local area close to her home festooned with anonymous hate notices of her mother, some branding her as 'wanted'. Ms. Higgins said no member would tolerate having their mother treated in this way and the perpetrators of this hate campaign should be ashamed of their actions.

Ms. Higgins said her mother works tirelessly both in her duty as a ward and Essex County Councillor and in her dedication to helping and caring for deaf people, and asked the panel members to denounce this monstrous and unlawful act.

Councillor Offen said that members should condemn this sort of behaviour, agreeing with the words of Ms. Higgins, and hoped this would be an end to this matter.

Councillor Harris concurred with Councillor Offen and said anyone that knew who the

perpetrators were should be encouraged to provide this information to the Police.

Councillor Lissimore expressed sympathy for Ms. Higgins and her family and concurred with Councillor Harris, that anyone with information concerning this hate campaign should contact the Police. Councillor Lissimore said she hoped the feeling expressed by Ms. Higgins and members would be reported by the local press.

Mr. Andy Hamilton addressed the panel to speak about what he described as a plant massacre. Mr Hamilton said the work to remove some of the borough's shrub borders had brought maximum publicity and taken up Police time. Mr. Hamilton concluded by suggesting that the current situation could be defused by the Council publishing the list of shrub borders to be removed, offering a period of consultation before the final decision is taken.

Councillor Arnold addressed the panel saying that he had been advised by the Monitoring Officer to address the panel on this issue. Councillor Arnold said it would have been better that this decision and others like it, that is, those that are shown within the Summary of Savings / Increased Income of appendix D of the 2009/10 Revenue Budget and Medium Term Financial Forecast but without identifying individual services or tasks to be cut, are identified separately and individually form a portfolio decision, thereby allowing members the opportunity to debate at a scrutiny panel. When discussing the budget papers earlier in the year Councillor Arnold had expressed a wish for panel members to see a detailed breakdown of the Summary of Savings / Increased Income, but this had not been forthcoming.

Providing this detail would have enabled all members to know what decisions would be taken. The action of the removing rose and shrub borders only accounts for £17,000 of the £100,000 overall budget saving figure needed, therefore there remains £83,000 of further savings to be found, with members unaware of how this will be achieved.

Councillor Arnold concluded by saying he deeply regreted and deplored what has happened to Councillor T Higgins and asked that anyone who knew of any information concerning this issue should provide this to the Police.

Councillor P Higgins concurred with the final remarks of Councillor Arnold saying the Council website was open to members of the public for comment. Councillor Higgins said his family could not just laugh this issue off, that it was important that it was dealt with properly.

**Councillor P Higgins (in respect of being the husband of Councillor T Higgins, Portfolio Holder for Culture, Tourism and Diversity) declared his personal interest in the following item.**

### **The removal of rose and shrubbery borders in the borough**

Councillor T Higgins addressed the panel to give an update on the removal of rose and shrubbery borders.

Councillor Higgins said many of the borders and hedges to be removed are on Essex County Council highways land and the Council were subsidising the money given by

County for this work to the tune of £250,000. This subsidy ensured many more grass cuts per year and an improved appearance to borders.

Councillor Higgins said part of this subsidy had been removed in the Budget for 2009-10 and this resulted in the decision not to replace roses and shrubs to those borders that were near to the end of their life, but to replace with grass borders and bulbs, thereby saving £17,000 per annum. Councillor Higgins said by doing this the Council will be able to maintain high maintenance standards to the remaining borders.

Councillor Higgins said because of the public and member interest in this work, the work on all contested sites has been put on hold until the 10 April 2009, with work continuing at those sites that are not contested.

The intention is to allow time for consultation on all the contested sites, and in line with new legislation that enables local people to participate in local community work, residents will have the opportunity (subject to approval by Essex County Council), to agree to form a local group to be issued with a Cultivation License to complete border maintenance in their local area, or come up with an alternative suitable arrangement. All responses will be evaluated and considered before any further work commences on these contested sites on the 10 April 2009.

Councillor Higgins later confirmed that work would need to recommence on April 10 2009, that any delay would see the Council being subject to extra contractual payments.

Councillor Higgins apologised for the poor communication in regards to this work and hoped for an improvement for all future work that forms part of the revenue budget savings.

Councillor Offen said this issue had been in the public domain and known to members for some time, enough time to prepare a report for this panel to consider. Councillor Offen asked that a detailed report is prepared for the next meeting to enable the issues to be examined properly, a suggestion later concurred with by Councillor Willetts and Councillor Bentley.

Councillor T Higgins confirmed to Councillor Bentley that the Budget Revenue papers did not show the detail of the consequences of the anticipated £100,000 budget savings. Councillor Bentley said he only found out about this issue from the newspapers which was not very satisfactory.

Councillor Bouckley expressed his irritation and disgust at the whole issue, saying that processing decisions in this way did not allow for open government, and did not allow the scrutiny panel to do their job. In previous years this decision would have been open to scrutiny before the decision was implemented, highlighting the fact that the current system of scrutiny was not up to the job.

Councillor Foster felt the decision taken was ill thought out with no consideration given to how the public would feel or react.

Mr. Gareth Mitchell, Head of Life Opportunities addressed the panel to explain this work formed part of the Budget approved by Full Council in February 2009, and officers are arranging to put in place the changes needed by April, so that the Council could deliver on the 2009-10 Budget.

Councillor Harris confirmed that residents in his ward are signing-up to apply for a licence to do the maintenance work themselves.

Mr. Mitchell said he believed the key issue when considering granting a licence to carry out this work was health and safety. Mr. Mitchell said he would clarify the situation with regard to any liabilities arising from residents being granted a Licence to Cultivate and include this in the report to the next meeting.

Mr. Mitchell also confirmed to the panel that any delays on this work would put at risk the achievement of the 2009/10 budget savings and potentially have an impact on our agreement with the contractor.

*RESOLVED* that the panel agreed the following;

- i) A report on this issue would be presented to the panel at an extra meeting.
- ii) A provisional date of the 8 April 2009 was considered for the extra meeting, and would be confirmed to the panel by the Scrutiny Officer.
- iii) An officer from the Highways Agency would be invited to attend the meeting for this item.
- iv) The report to include the following information;
  - Comparative data on the costs of annual grass cutting versus the costs for shrub border maintenance costs.
  - The cost of re-instating the borders that have been removed and ongoing maintenance.
  - A breakdown of the £100,000 savings figure within appendix D of the 2009/10 Revenue Budget and Medium Term Financial Forecast.
  - Confirmation of the status of the work completed on the Northern Approach road.
  - If feasible, and for comparative analysis, a list of beds and border sites in the borough in 1974 and at present.
- v) The work on all uncontested sites should continue.

### **63. Minutes**

The minute from meeting held on 24 February 2009 was confirmed as a correct record.

### **64. Have Your Say!**

Mr. Andy Hamilton addressed the panel to request that in future members of the public, who, unlike officers and members are not so familiar with meeting procedure rules, in particular to Have Your Say, should be made more aware of the procedure before the meeting commences.

## **65. Work Programme**

Councillor Bouckley said he was pleased by the large attendance at a recent training course on scrutiny, a course he found refreshing. Councillor Bouckley said this training course would be beneficial to members new and experienced, as a learning or refresher course prior to the commencement of the new Municipal Year.

Mr. Judd confirmed that officers are arranging for this type of course to be available to all members shortly into the new Municipal Year.

In response to Councillor Lissimore, Ms. Ann Wain, Executive Director explained that current financial reports did include information on the cost breakdown of service area employee costs and vacancies, but commentary could be added to show the impact of staff cuts or vacancies on service performance.

Ms. Wain agreed to report some additional commentary with the first financial reports in the new Municipal Year and let the panel then decide if this information is needed on an ongoing basis.

*RESOLVED* that the panel noted the amendments to the 2008-09 Work Programme.

## **66. Freedom of Information**

Mr. Phil Pettit, ICT Programme Manager presented the report on 'Freedom of Information Case Management'.

Mr. Pettit explained that the number of requests under the Freedom of Information has increased significantly in the last year, with enquirers more sophisticated and knowledgeable to what they can and cannot request within the 2001 Act.

In response to Councillor Bouckley, Mr. Pettit said there are a small number of regular enquirers but the total number of these enquiries only account for a small percentage of the overall total of enquiries.

In response to Councillor Bentley, Mr. Pettit said he believed that providing a list of names of the enquirers would be in breach of the Data Protection Act, but would check.

Mr Pettit, in response to Councillor Harris agreed to provide details of a national study providing comparative data from other local authorities.

In response to Councillor P Higgins, Mr. Pettit said he believed that some of the

Freedom of Information enquiries was about getting information for research purposes, though the Council, under the laws of the act, have no right to ask for what purpose is the information to be used.

In response to Councillor Gamble, Mr. Pettit said larger enquiries, in terms of time to complete are given to the respective service area. When an enquiry is going to take up a large resource to complete the Council is entitled to say it will do this work for a charge, though up to date, enquirers given this information have so far declined to take up the offer.

In response to Councillor Willetts, Mr. Pettit said in regards to exemptions there is a written policy and procedure document (guidance notes) that sets out the procedure should a service area wish to deploy an exemption. Under the Act, any person who is advised of the intention to deploy an exemption is able to appeal against this decision. The Monitoring Officer and the Freedom of Information Officer are the arbiters at various stages of the appeal procedure.

*RESOLVED* that the panel considered and noted the authority's performance against requests for information under the Freedom of Information Act 2001.

## **67. Use of Resources Statement 2008**

Mr. Paul King, District Auditor, Audit Commission and Ms. Christine Connelly, Senior Audit Manager both attended the meeting for this item.

### **Have Your Say**

Mr. Andy Hamilton addressed the panel to explain that he felt it was unacceptable to have the District Auditor present at this meeting to present the Use of Resources Statement 2008, given that on request he refuses to answer questions on the financial aspects of Visual Arts Facility. Mr. Hamilton said the auditor refused to answer questions on the 2006-07 Accounts and then gives an unqualified opinion. Mr. Hamilton concluded by saying he had no confidence that the District Auditor was acting in the public's interest and the responsibility of his actions lay with the panel.

Mr. King responded to the comments of Mr. Hamilton, saying he had been in correspondence with Mr. Hamilton in regards to the work and responsibilities of the District Auditor. Mr. King said he did not misrepresent his position as the District Auditor and his statement on the 2007-08 accounts was not erroneous or misleading. Mr. King said the Audit Commission do not ignore problems or issues, but these are reported at the appropriate time, and all responsibilities are discharged in line with regulations.

### **Use of Resources Statement 2008**

Mr. King gave a brief presentation of the report 'Use of Resources Statement 2008', stating that this was an assessment rather than a statement, and relates to the 2007-08 financial year up to the end of March 2008 and is based on the key lines of enquiry for

2008.

In response to Councillor Lissimore, Mr. King explained that whilst this assessment was for the year 2007-08 and the Icelandic Banks crises happened in 2008-09, the Audit Commission considered it appropriate to address this issue within the report because the treasury arrangements for 2007-08 would be indicative of the weaknesses, if any existed, in the arrangements for 2008-09.

In response to Councillor Harris, Mr. King said had the Firstsite:Newsite project performed better during the auditing period, the overall assessment for that specific area of work would have risen from a current level 2 to level 3, but would not have affected the Council's overall position.

Mr. King also confirmed that the requirements of the new framework of working for 2008-09 was a broader assessment, with new challenges, but not as financially driven as in the past, though the standards for achieving levels increased year on year. Mr. King also said the new framework would focus on positive outcomes, and not so much on systems and processes, though he did not expect the number of Councils performing highly to be as great in future years. Councillor Offen said officers should be congratulated for continuing to maintain standards even though the bar is lifted year on year.

In response to Councillor Offen's enquiry about benchmarking, Ms. Wain said the Council has undertaken an enormous amount of benchmarking, for example, a recent exercise in the Customer Services Centre. The Council have year on year continued to measure and compare performance through Best Value reviews and performance indicators, superseded transitionally in 2008-09 by National Indicators, to be subject to scrutiny as part of the panel's work programme for 2009-10.

In response to Councillor Bouckley, Mr. King defined the word 'executive' to mean those in control of the Council, those members and officers who are relied upon to ensure the Council operates properly.

In regards to Councillor Higgins question on partnership working, Mr. King explained that the Audit Commission would expect to see clear objectives and responsibilities for all the partners, with good legal advice and managers with good project management skills for complex partnership contracts. Mr. King said Council officers are aware of the new assessment framework.

Mr. King responded to Councillor Willetts in confirming that the District Auditor gives an opinion on the Council's financial position in the annual Statement of Accounts. The Use of Resources Statement includes the Council's financial position and gives an assessment accordingly.

Mr. King, in response to Councillor Smith, a visiting councillor, that other auditors will have addressed the issue of the Icelandic Banks crises in their 2007-08 Use of Resources Statement, noting the actions taken by that particular authority, with no 'standard comment' to fit all local authorities.

Mr. King also confirmed that from 2008-09 onwards, due to a change in the assessment framework it will not be possible to directly compare the results with previous years, though it will seek to differentiate between different years in the Direction of Travel Statement.

*RESOLVED* that the Panel noted the Use of Resources Statement 2008.

#### **68. Supplementary opinion audit plan 2008-09**

Mr. Paul King, District Auditor, Audit Commission and Ms. Christine Connelly, Senior Audit Manager both attended the meeting for this item. Mr. King presented the Supplementary opinion audit plan for 2008-09.

Mr. King confirmed the final report on the Audit Commission's review of the firstsite:newsite project, as mentioned in page twenty nine of the agenda, will be forwarded to the members of the Finance and Audit Scrutiny Panel. Mr. King said the draft report was presently with the Council and he anticipated it would be reported to the meeting of the 28 April 2009.

Mr. King confirmed to Councillor Bentley that the Audit Commission fees are set by the Government's regulator, and the Audit Commission appoints either its own staff or a private company to carry out the audits. Mr. King said that in the Essex there are two auditors, the Audit Commission and PKF, who both operate on the same scale of fees and charges.

*RESOLVED* that the Panel noted the Supplementary opinion audit plan 2008-09.

#### **69. 3rd Quarter Internal Audit Assurance Report**

Ms. Hayley McGrath, Risk and Resilience Manager and Mr. Alan Woodhead, Deloitte, attended the meeting for this item and Ms McGrath presented the report on the 3<sup>rd</sup> Quarter Internal Audit Assurance Report.

In response to Councillor Bentley, Ms. McGrath said that the failed login report as mentioned within Audit 313 – Benefits, was a general comment not an underlying trend, and was to do with individuals forgetting passwords, though the log did provide a record of those persons who fail regularly.

Councillor Willetts gave his support to the Audit 330 – Members Allowances that recommended all expense claim forms should be supported by receipts which detail the nature of the expense. Ms. McGrath said officers had taken a pragmatic view of the auditor's recommendations, as it was only on the very odd occasion that a claim form was not supported by a receipt.

*RESOLVED* that the Panel commented and noted upon the Council's performance relating to the 3<sup>rd</sup> Quarter of the Internal Audit Plan for 2008-09, and the performance



of Internal Audit by reference to the national best practice benchmarks.

## **70. Internal Audit Plan 2009-10**

Ms. Hayley McGrath, Risk and Resilience Manager and Mr. Alan Woodhead, Deloitte, attended the meeting for this item and Ms McGrath presented the report on the Internal Audit Plan 2009-10.

In response to Councillor Harris, Mr. Woodhead confirmed that Deloitte did have adequate manpower to complete the 2009-10 Internal Audit Plan, and is currently in the process of planning resources to cover the plan for the forthcoming year.

*RESOLVED* that the Panel commented upon and agreed the suggested Internal Audit Plan 2009-10.

## **71. The Annual Governance Statement Briefing Paper**

Ms. Hayley McGrath, Risk and Resilience Manager, presented the report on the Annual Governance Statement Briefing Paper.

Ms. McGrath confirmed that the Annual Governance Statement Briefing Paper would accompany the Annual Governance Statement when reported to the Accounts and Regulatory Committee later in the year.

*RESOLVED* that the Panel noted the requirement to produce an Annual Governance Statement and the role of the Accounts and Regulatory Committee in the process.

## **72. Implementation of International Financial Reporting Standards**

Mr. Steve Heath, Finance Manager, introduced the report on the Implementation of International Financial Reporting Standards (IFRS).

Mr. Heath explained that the purpose of the IFRS was to provide new standards for producing the Annual Statement of Accounts., though the detailed requirements will not be known until CIPFA produce their report in May 2009. Mr. Heath briefly explained the areas where changes will be made, e.g. fixed assets.

Mr. Heath said the new standards were not just an issue for accountants, but that a buy-in from all service areas in relation to leases and flex time arrangements will be required.

Mr. Heath confirmed to Councillor Bentley that the new standards would attract additional fees from the Audit Commission year on year.

*RESOLVED* that the Panel noted the following regarding the implementation of

international financial reporting standards;

- the requirement for the implementation
- the timescale of the implementation within Local Government
- the key areas of change within the Council
- the progress and preparations being made by the Council
- the potential financial and risk management implications of the implementation