

SCRUTINY COMMITTEE

Date: 26 June 2013

Venue: East Northamptonshire House, Cedar Drive, Thrapston

Time: 7.30 pm

Present: Councillors:- **Phillip Stearn (Chairman)**

Tony Boto	David Read
Richard Gell	Jake Vowles
Barbara Jenney	Clive Wood
Brian Northall	

65. MINUTES

The minutes of the meeting held on 3 April 2013 were approved and signed by the Chairman.

66. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Sylvia Hobbs, Sylvia Hughes, Sarah Peacock, Peter Wathen and Colin Wright.

67. DECLARATIONS OF INTEREST & QUESTIONS UNDER COUNCIL PROCEDURE RULE 10.3

There were no declarations of interest or questions under Council Procedure Rule 10.3.

68. SCRUTINY COMMITTEE - CHAIRMAN'S ANNUAL REPORT 2012/13

Members considered a draft of the Committee's Annual Report to the Council, which detailed the various activities that had been undertaken during the 2012/13 municipal year.

The Committee considered the report reflected on the topics considered during the year. The Committee had maintained its overview of the Council's performance, as well as considering quarterly summaries of internal audit reports.

R.1 RESOLVED TO RECOMMEND:

That the 2012/13 Annual Report of the Scrutiny Committee attached at Appendix 1 be approved by the Council for publication.

69. WELLAND INTERNAL AUDIT CONSORTIUM – ANNUAL REPORT OF INTERNAL AUDIT 2012/13

Richard Gaughran and Nicola Scott of the Welland Internal Audit Consortium (WIAC) attended the meeting for consideration of this item and the next item of business.

The Committee considered a report submitted by the WIAC which detailed the work completed by the Internal Audit function during 2012/13. The report also provided members with an explicit opinion on ENC's system of internal control, risk management arrangements and governance arrangements.

Members noted that the ENC's annual assurance rating for the financial year 2012/13 was "Good". This represented the highest of the five levels of assurance within the model adopted by the Consortium.

The requirement for a review of the effectiveness of internal audit had been met by a self-assessment. The self-assessment had demonstrated that previously declared staffing issues had made it impossible for the Consortium to comply fully with all of the 11 relevant CIPFA Standards during 2012/13. It had also identified a requirement to develop the capacity of the Scrutiny Committee itself, in its function as the audit and risk Committee, in order to achieve full conformity with the Public Sector Internal Audit Standards in the future..

RESOLVED:

- i) That the Internal Audit Opinion issued by the Head of Consortium be noted.
- ii) That the reported progress and effectiveness of the Consortium in 2012/13 be noted.

70. WELLAND INTERNAL AUDIT CONSORTIUM - INTERNAL AUDIT UPDATE 2013-2014

The Committee considered a report outlining the progress made by the WIAC on the delivery of the Annual Audit Plan for 2013/14 and associated measures of performance, together with an update on aims to move to full conformity with the Public Sector Internal Audit Standards (PSIAS).

The PSIAS required periodic reporting to the Audit Committee of the Authority, including the performance of Internal Audit against the agreed plan and any key findings regarding the Council's risk management and control arrangements highlighted in the course of work completed.

The number of audit days available and those committed to specific reviews were noted and the balance of days remaining for audits in the area of Service Delivery Risks would be allocated according to the level of assurance required within each audit review area..

RESOLVED: That

- i) The progress and performance of the Consortium be noted
- ii) The utility of the commitment of planned resources set out in Appendix C of the report as a means of supporting the "gate keeper" role be endorsed
- iii) The Performance Indicators as set out in Tables 1 & 2 of the report be approved as sufficient to allow for effective oversight of the Consortium.

(Reason - Consistency with previous decisions.)

71. QUARTERLY PERFORMANCE REPORTING – Q4 2012/13

The Council's Performance Officer attended the meeting for consideration of this item.

The Committee received a report which detailed high level performance information from across the Council in relation to agreed performance indicators, internal audit recommendation progress and risk actions, and other statistics that supported the monitoring of performance.

The purpose of the report was to assess how service areas were progressing towards delivering key priorities and outcomes, the identification of problem areas, to provide peer challenge and to identify and record good performance

Members were advised that Performance Clinics for Quarter 4 had taken place in May 2013 with the results of the clinics being discussed by the Corporate Management Team (CMT) in consultation with Councillor Sarah Peacock and Councillor Colin Wright on 30 May.

It was noted that the number of affordable homes delivered at the end of quarter 4 had been revised from 14 to 45.

Members asked how the percentage of 16-18 year olds in East Northamptonshire not in education, employment or training compared to other Authority areas across the country. The Performance Officer undertook to provide some comparative data to the Committee Members. The Committee were of the view that some national comparative statistics would be useful in future reports, although it was recognised that benchmarking was not always straightforward as Authorities used differing methodologies to measure data.

The Committee also noted that some measures of the Council's performance were affected by factors outside of the Council's control., such as increasing demand. However, falling performance would need to be carefully managed, despite reducing resources such as staff levels, as in some areas it might attract criticism from external regulators such as the Information Commissioner.

RESOLVED:

That the report be noted.

72. LEISURE IMPROVEMENTS PROJECT

Councillor Brian Northall informed the Committee that although it had been planned to report to this meeting of the Committee on the review, Members and Officers were still working on the project and a report would be submitted to the next meeting of the Committee.

73. ENGAGEMENT WITH PARTNERS – TOWN AND PARISH COUNCILS

The Executive Director reported that a number of meetings had taken place with Town and Parish Councils in accordance with the arrangements agreed by the Committee on 12 December 2012. One feedback questionnaire had been returned. It was agreed which Councils would be visited in the July to September period.

Members would attend a series of further meetings as set out below and a further programme of meetings would be arranged at the next meeting of the Committee to include Rushden and Raunds Town Councils.

Irthlingborough Town Council	Councillors Sylvia Hobbs and Colin Wright
Oundle Town Council	Councillors Phillip Stearn and Jake Vowles
Benefield Parish Council	Councillors Phillip Stearn and Jake Vowles
Great Addington Parish Council	Councillors Richard Gell and Brian Northall
Hargrave Parish Council	Councillors Richard Gell and Brian Northall
Denford Parish Council	Councillors David Read and Clive Wood
Chelveston-cum-Caldecott Parish Council	Councillors Tony Boto and Barbara Jenney
Stanwick Parish Council	Councillors Tony Boto and Barbara Jenney

Chairman

Scrutiny Committee

Chairman's Annual Report – 2012-13

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Introduction



Introduction by Councillor Phillip Stearn

Chairman of East Northamptonshire Council's Scrutiny Committee

“ I am pleased to present the Scrutiny Committee's annual report, which identifies the work of the Committee in the last year.

I would like to thank all members of the Committee for their committed and enthusiastic contribution to its work. I would also like to thank all the officers who have contributed to the success of Scrutiny in East Northamptonshire.

The Committee looks forward to continuing progress on its review of the relationship between this Council and the Town and Parish Councils in the area in the year to come. ”

A handwritten signature in black ink, appearing to be 'P. Stearn', written on a light-colored, slightly tilted rectangular background.

How the Committee operates

The Scrutiny Committee is a standing Committee of the Council and its role is to undertake, manage and co-ordinate the overview and scrutiny process - a responsibility created by the Local Government Act 2000.

The Scrutiny Committee's terms of reference are set out in Article 7 of the Council's Constitution¹, Part 4.4 of which empowers the Committee to operate in its own right and/or set up time limited working parties to review or scrutinise decisions and to support the work of the Council and its policy Committees. East Northamptonshire Council continues to operate Committee arrangements and, although the scrutiny process is arguably more relevant in a Council operating under executive arrangements, where decisions are taken by a small group of Councillors forming a 'cabinet', it still fulfils a valuable role.

This is because the Council's Scrutiny Committee has the necessary time, resources and freedom from routine Committee business to undertake in-depth investigations and can report and make recommendations to the Council as a result. The Committee also has power to "call-in" a decision that has been made by a policy Committee. The Scrutiny Committee cannot reverse a policy Committee's decision but can recommend that the Committee reconsiders the decision or that the matter be referred to the full Council. The Committee can also act in a confirming or supportive way – when it agrees with a particular approach.

The Local Government Act 2000 makes a clear distinction between those Councillors who make policy decisions and others whose role is to challenge and scrutinise those decisions. For this to be effective, members of the Scrutiny Committee must retain their independence and need to develop an effective questioning approach. To provide this separation of roles, none of the members of the Scrutiny Committee serve on the Council's primary policy Committee, the Policy and Resources Committee.

In November 2010 the Terms of Reference of the Scrutiny Committee were expanded to include responsibility for the functions previous carried out by the Audit and Risk Management Committee including

- Consideration of the Internal Audit's annual report and opinion and the level of assurance it can give
- Monitoring management and performance of the providers of internal audit services.
- Consideration of the external auditor's annual letter, relevant reports, and the report to those charged with governance.
- Monitoring the effective development and operation of risk management by the Council
 - Consider the Council's arrangements for corporate governance

¹ www.east-northamptonshire.gov.uk/constitution

The Terms of Reference of the Committee were further expanded in July 2012 following the introduction of new Standards arrangements in the 2011 Localism Act to include:

- reviewing the outcome of Ombudsmen investigations
- liaising with the Joint Standards Complaints Committee to the review of the Codes of Conduct for Councillors and the procedure for handling complaints against Councillors
- responsibility for promoting and monitoring the Member/Officer Protocol and whistle blowing policy:

Membership

Membership from 16 May 2012 – June 2012			
Peter Baden	David Bateman	Tony Boto	Michael Finch
Sylvia Hobbs	Sylvia Hughes	Barbara Jenney	Brian Northall
Sarah Peacock (Vice Chairman)	David Read	Phillip Stearn (Chairman)	Peter Wathen
Pam Whiting	Colin Wright	(Vacancy)	
Membership from June 2012 to 15 May 2013			
During 2012/2013 Councillors David Bateman and Peter Baden left the Committee. Councillors Derek Capp, Richard Gell and Jakes Vowles were appointed to the Committee			
Membership from 15th May 2013 to date			
Tony Boto	Derek Capp	Richard Gell	Sylvia Hobbs
Sylvia Hughes	Barbara Jenney	Brian Northall	Sarah Peacock (Vice Chairman)
David Read	Phillip Stearn (Chairman)	Jake Vowles	Peter Wathen
Clive Wood	Colin Wright	(Vacancy)	

Scrutiny meetings

Between May 2012 and May 2013 we held five formal meetings. A summary of the issues considered are set out below.

Community Engagement – Town and Parish Councils

The major focus of the Committee's attention this year has been a review of relations with Town and Parish Councils. Members noted that it had always been an aspiration of ENC to foster a good relationship with T&PCs across the District. The Committee began the review by considering the previous engagement activity undertaken by this Council, followed by the types of engagement required in future and how value could be added to the services currently offered by this Council. Members also received presentations on the impacts of the Localism Act and issues relating to planning that may affect Town and Parish Councils.

From this a questionnaire was developed to establish what the Town and Parish Councils expected from ENC. This questionnaire was piloted with Thrapston and Barnwell Councils. After further refinement the Committee agreed to roll out the questionnaire to all local Councils, with at least one member of the Scrutiny Committee, in partnership with a local ward member, visiting each Council. These visits are expected to take several months, with analysis of the results and recommendations being developed later in 2013/14.

Pemberton Centre Leisure Improvements Capital Costs Review

In April 2013 the Committee embarked on a review of the process by which the Pemberton Centre improvements were procured, from the point at which the original Invest to Save opportunity was identified to the point at which a final budget figure was determined. The purpose of the review was to see what lessons can be learnt, particularly in relation to the escalation of costs between the initial estimate and the final budgeted cost. A working party has been established which has met once so far. It is anticipated that this review will be completed early in 2013/14.

Standards Arrangements

In response to the changes to the standards arrangements required by the Localism Act 2011 the Committee contributed to a working party which developed a new Code of Conduct for Councillors, a revised Complaints process and the composition of a new Standards Committee. These were adopted by the Council in July 2012.

The use of Covert Surveillance 2011/12 – Regulation of Investigatory Powers Act 2000

As part of its annual cycle, the Committee looked at ENC RIPA usage in the ten years from January 2002 to January 2012 and noted that only 29 authorisations had been granted in total during that period. For the period 2011/12, only two authorisations had been granted for directed surveillance, with a further two joint operations undertaken with the Department for Work and Pensions (DWP).

The Committee also noted that, because of new provisions introduced by the Protection of Freedoms Act 2011, it was unlikely that ENC would be undertaking any further covert surveillance activity as this would require prior Magistrate approval which was only likely to be granted should the offence in question attract a prison sentence of six months or more.

Presentations by Outside Bodies

The Committee received one presentation by one outside body in 2012/13, from Spire Homes, a Registered Social Housing Provider. Councillor John Farrar, in his capacity as Chairman of Spire Homes, provided a summary of the work undertaken, and key areas of progress achieved by the organisation during 2012. Spire Homes has received positive feedback from the National Housing Federation for its involvement in the short film, "The Invisibles" which highlighted issues relating to housing in the region.

The Committee noted that Spire Homes was continuing to invest in existing homes, upgrading fixtures and fittings to bring them up to, and above, government standard. The Committee also heard that a Welfare Reform Action Plan had been developed and a partnership between ENC and Spire Homes had been formed to assist households affected by the forthcoming changes. Spire Homes had also appointed a Money Guidance Officer, helping to save tenants money by ensuring they were aware of the benefits and grants

Update reports on previous Scrutiny Reviews

Development Control Decisions

The Committee reviewed the progress made against five "actions" recommended for consideration by the Development Control Committee which it had been felt could help mitigate the potential corporate impacts of decision. It was noted that all of the actions had been implemented to some degree, with planning officer presentations prior to complex applications being fully implemented and an extensive training programme was proposed for 2013. The Committee noted that an extensive review of Planning Services processes was due to be carried out in 2013 and requested that a further update reports be presented in 2013/14.

Waste Management Contract Performance

The Committee reviewed the performance during the first 20 months of this contract which had commenced in August 2011, supplementing the quarterly reporting to the Waste and Recycling Working Party. Positive performance was noted for the clearance of fly-tips, together with a significant reduction in the amount of waste being sent to land-fill and related increase in recycling across the District. It also noted an increasing number of subscriptions to the new garden waste service.

The Committee noted on-going issues with the level of missed collections, where although performance had improved with the new contractor, officers were hoping to get nearer to the figures for other authorities in the county. Another area where improvement was expected was in the cleansing of detritus although the Committee noted that many of the areas worst affected were beyond ENC control, being the responsibility of Northamptonshire County Council. Members requested that officers and County Councillors at ENC raise issues regarding Street Doctor in an attempt to improve cleansing figures.

The Committee learnt that although there was often no evidence to support enforcement action in relation to fly-tipping, 18 cases had resulted in some form of enforcement action being taken against perpetrators.

Information and Communication Technology Capital Programme

Following up its previous reviews of the process and management of the ICT Capital Programme, the Committee noted that the forecast budget for the ICT Capital Programme for 2013/14 would be £0.476m, (14% of the total capital expenditure forecast) and that ENC was looking to spend over £4m during the next ten years to support ICT infrastructure.

Members noted that the ICT Capital Programme for 2012/13 would have a variance of £144k from a budget of £484k. £133k of this variance had been re-profiled into future years, with an underspend of £11k.

The Committee considered the challenges of managing this budget due to the current fast moving technological climate which could significantly alter prices for goods and services that ENC was considering purchasing. The result of this was increased difficulty in accurately forecasting and budgeting for IT provisions. As projects were subject to alteration and delays, budgeting for later years was becoming more difficult, but members were advised that ICT only spent money when absolutely necessary.

The Committee were advised that changes to capital governance arrangements for the entire capital programme (also being looked at as part of the Pemberton Project Review noted above) would assist in the way the ICT programme was managed. This would mean that when projects were approaching implementation, a more detailed costing would be completed before the project was moved into the approved capital programme. The Scrutiny Committee would look again at the Capital Programme in June 2014.

It was also noted that ICT was currently implementing a new IT asset management system to manage current hardware across ENC in order to understand when it would require replacement. Over time this would allow ICT to prioritise and plan on a project basis, to identify when schemes within the development programme pool could proceed onto the approved capital programme.

Requests for “call-in” under scrutiny procedure rule 14.3

Unlike the previous two years there were no requests to invoke the call-in provision once this year. The Committee considered whether the timescale for call in (5 days from the date of dispatch of the decision notice) but having noted that this timescale was consistent with the practice at other Councils, and that it had not been a barrier on previous occasions when call-in had been invoked, made no recommendation for changes.

Performance, Risk and Fraud

Performance data is reported to the Scrutiny Committee on a quarterly basis. The information reported is drawn from quarterly performance clinics held with members of the Corporate Management Team and Councillors Colin Wright (the lead for audit and risk) and Councillor Sarah Peacock (the performance lead). The purpose of these reports is to enable the Committee to assess how service areas were progressing towards delivering key priorities and outcomes, the identification of problem areas, to provide peer challenge and to identify and record good performance.

The issues reported to the Scrutiny Committee from the quarterly performance clinics include:

- Risks from the Council's risk management system, 4Risk, where actions to mitigate have not been completed on time.
- Internal audit recommendations that have not been implemented on time.
- Emerging financial risks and significant budget variances
- Performance indicators which are consistently not achieved.
- Key service area achievements.

Areas of performance which the Committee have looked at in greater depth in 2012/13 include:

- Land Charges service delivery
- Trends for Housing Benefit and Job Seekers Allowance claimants
- Emergency Planning workloads as it was considered there may have been an increase in workload due to the inclement weather.
- Staff headcount and Full Time Equivalents (including temporary staff)

The Committee has been generally satisfied with the overall level of performance across the Council and indicated that officers who had supported and delivered specific areas of achievement should be commended for their efforts.

In April, Councillor Colin Wright gave the Committee a brief outline of his responsibilities in reviewing risk management implications of Committee reports. He sought to reassure members that in-depth consideration of risk factors is a primary concern for report authors. Members noted that risk management was an on-going concern for ENC and the risk register was under constant review. The possible impact of fuel shortages on ENC was discussed and members were advised that consideration had been given to ensuring services were faced with minimal disruption should a strike occur.

The Scrutiny Committee also receive a quarterly report on the work of the Revenues and Benefits Counter Fraud Team which outlines progress made in countering benefit fraud and recovering over-claimed benefits. These reports identified

consistently high performance in the collection of 'overclaimed' benefits (above the government target)

They also showed an increase in the number of overclaims and related recovery activity over the year, including an increase on the number of prosecutions, cautions and administrative penalties imposed. The reports highlighted to the Committee that whilst the team still sought to maximise debt recovery, this was becoming increasingly difficult for the Council due to the current financial climate and that an increase in bankruptcy rates had led to a slight increase in the write off rate.

Specific note was made of the Council's work to publicise the counter fraud activity where of the 39 recent calls received on the Fraud Hotline, 28 had led to investigation activity. The Committee also noted progress on the proposed introduction of a single fraud investigation service from 2014/15 and confirmed that they considered that that anti-fraud activity would be an on-going area of interest because of the changes which would come as part of the government's Welfare Reform Agenda.

Audit

Internal Audit

Scrutiny Committee received a quarterly summary of the internal audit reports issued from across the Council. The continuing staffing issues of the Welland Internal Audit Consortium, which had resulted in the cancellation of some planned audits in 2011/12 and delays in planned audits for 2012/13, were carefully monitored to ensure that the available resources were targeted in a way that maximised the performance of the consortium against the key lines of enquiry. By the end of 2012/13 the Committee noted that all key audits should be completed in the year.

In June 2012 the Committee also reviewed the full final report for the Corporate Governance Audit and noted that overall the audit achieved a 'Sound' level of assurance. A number of very positive aspects were identified, and only minor areas for improvement were noted

Increasing future role

The Public Sector Internal Audit Standards came into effect from the 1st April 2013 and this Council has an obligation to comply with these standards or provide a clear justification for any aspects of non-compliance. The Council's External Auditor will also be required to obtain assurance as to compliance and to report any material non-compliance and there is a new requirement to periodically procure an independent, external review of the effectiveness of Internal Audit.

These standards will require a stronger role to be played by the Scrutiny Committee including:

- Satisfying itself that the Annual Audit Plan provides sufficient and appropriate assurance in respect of the key risks to the delivery of the Council's corporate objectives and corporate priorities.;

- Considering proposals for significant changes to planned audit work and to assure itself that the proposed changes would not impair Internal Audit's ability to deliver the level of assurance required by the Committee.

In addition the Chairman of the Scrutiny Committee will be formally consulted as part of the Head of Internal Audit's performance.

Fulfilling this enhanced role will form a key part of the work programme for 2013/14. Councillor Colin Wright and I will be working through the new system to obtain greater understanding of the areas the Scrutiny Committee would be directly involved with. This work would assist the Committee in making informed decisions in future.

Other aspects of Scrutiny

Fourth Option Special Interest Group (FOSIG)

I currently represent the Council on the Local Government Association's Fourth Option Special Interest Group. This group gives a voice to local authorities, like East Northamptonshire Council, which have chosen to make "alternative arrangements" by retaining their Committee structures, rather than adopt a cabinet or executive management structure. It is probable that this group will grow in the future as a result of the opportunity provided by the Localism Act 2011 for Councils to revert to a Committee based governance structure .with at least 7 Councils now confirmed as taking this action

Northamptonshire Overview and Scrutiny Board

The Vice-Chairman and I currently represent the Council on the Northamptonshire Overview and Scrutiny Board.

We look to the board to not only look at issues put forward by the Public Service Board and the work of the Public Service Board itself, but to work together with the other Districts and Boroughs on scrutinising common issues, such as highways.

Work programme for 2013-14

The continuing difficult economic situation meant there was an increased pressure on limited resources and the Council had an even greater need to demonstrate value for money in the future. We will seek to structure our work programme in a way that ensures priority is given to reviewing the progress we have made towards achieving the priority outcomes set out in the new Corporate Plan for 2011-2015.

We look forward engaging with partners on Town and Parish Councils given the encouragement of the Localism Act to find more local solutions hopefully providing an opportunity to reinvigorate that engagement.

Workplan 2013/14	
Annual Report	Q1 – 2013/14
Engagement with Partners 2 – Voluntary & Community Groups	Q2 – 2013/14
Review Champion roles and representation on outside bodies	Q3 – 2013/14
Engagement with Partners 3 – Other public sector bodies	Q4 – 2013/14

Workplan 2014/15	
Annual Report	Q1 – 2014/15
Town Centre Regeneration	Q1 – 2014/15
Review of Committee structures	Q2 – 2014/15
Appointment of External Auditors process	Q2 – 2014/15
Leisure improvements and management contract	Q4 – 2014/15

Conclusion

The year of operation for the Scrutiny Committee has been a period of consolidation and continued learning. Whilst there have not been any significant reviews this year, we believe that, during the year, the Committee has continued to make a significant contribution to the work of East Northamptonshire Council and we look forward to building on this during the year ahead.

Councillor Phillip Stearn
Chairman
On behalf of the Scrutiny Committee

June 2013