

**COUNCIL RESOURCES OVERVIEW & SCRUTINY COMMISSION
HELD ON 10 APRIL 2006
(FROM 5.30 PM TO 7.30 PM)**

PRESENT: Councillor Andrew Jones in the Chair. Councillors Clark, Harrison, Hinchcliffe, Phillips, Simms and Theakston.

Late Arrivals: None

Early Departures: Councillor Theakston at 7.00 pm.

92/05 - **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:**
Apologies for absence had been received from Councillors Fox and Powell.

(5.32pm)

93/05 - **MINUTES:** The Minutes of the meeting of the Commission held on 6 March 2006 were approved as a correct record and signed by the Chair.

(Five Members voted for the motion and there were two abstentions.)

(5.32 pm)

94/05 – **DECLARATIONS OF INTEREST:** There were no such declarations.

(5.33 pm)

95/05 – **EXEMPT INFORMATION:** There were no exempt information items.

(5.34 pm)

96/05 – **PUBLIC ARRANGEMENTS – QUESTIONS:** There were no such questions to consider.

(5.35 pm)

MATTERS FOR REPORT

97/05 – **ANNUAL AUDIT AND INSPECTION LETTER 2004/5:** The Chair welcomed Julie Talbot (Audit Manager, Audit Commission) and Alan Humphries (Audit Commission) who had attended the meeting to present a number of reports to the Commission in relation to the Audit Commission's audit and inspection work for Harrogate Borough Council. Cabinet had agreed that any comments made by the Commission regarding the Audit Commission's agenda items could be addressed by the Leader at a Cabinet Member meeting prior to the May elections.

The Chair invited Julie Talbot to introduce the report who referred to the key messages emerging from the Annual Audit and Inspection Letter for 2004/5 and then highlighted the salient resource issues together with an explanation of the ratings

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received by the Council which also related to the judgement for the "Use of Resources". It was noted that the report set out at agenda item 7 in relation to the use of Resources Audit Score Feedback, 2004/5 provided the Commission with further detail regarding the "Use of Resources". Julie Talbot then invited Members' questions and comments in relation to the report.

Councillor Harrison queried the ratings awarded to the Council and its score overall and whether this was an indication of the need for the Council to now redirect resources to improve scores for future years. The Audit Manager responded. The Director of Resources advised that he had expressed a concern with regard to the ratings received by the Council regarding 'internal control' and whilst it was considered that over time a rating of "3" (1 = lowest, 4 = highest) could be achieved it was believed that a rating of "4", which would require a greater commitment of resources, would not prove to be good "Value For Money" for Harrogate Borough Council in any event.

Councillor Harrison queried the way in which the five assessment ratings had been combined to provide an overall score and it was acknowledged that as long as the positive direction of travel continued progress would follow. Councillor Clark queried the timing of the receipt of the Annual Audit and Inspection Letter referring to the outcome that actually reflected activities undertaken by the Council during 2004/5 but which were now being presented in the 2006/7 financial year. The benefit of the information was queried as a result and it was suggested that it would be helpful to mention in the letter the reason for the delay in presenting the information and the moderation exercise which had led to the same delay nationally. Julie Talbot offered to feedback this concern to the Audit Commission in London. It was **agreed** that his was an encouraging document and very positive in its outlook and would benefit Harrogate Borough Council by allowing officers to benchmark performance against other local authorities and make improvements where necessary. The Chair then invited the Executive Director (Corporate Policy and Improvement) to comment on the direction of travel.

The Director of Resources then referred to the Council's financial standing referred to at page 11 of the report. It was noted that the Council had been awarded a rating of "2" and had not been able to achieve a "3" (based on the need for the authority to carry out a review of the effectiveness of the Sundry Debtors Collection Service). Whilst it was acknowledged that this review had not been undertaken and the Council had been marked down accordingly, the Council did consider that in terms of financial standing Harrogate Borough Council was one of the only authorities in the country which had made additional contributions to the Employees Pension Fund and that this was a positive step for the Council's financial standing and therefore that greater weight could have been given to this in the ratings overall.

In terms of the Commission's conclusions and recommendations it was **agreed** that the Commission recognised the positive direction of travel and particularly paragraph 76 of the report which would be used as guidance to help the Council focus on those areas where performance could be improved.

(5.35 pm – 5.57 pm)

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98/05 - **USE OF RESOURCES, AUDIT SCORE FEEDBACK 2004/05:** The Chair invited Julie Talbot to provide Members of the Commission with an introduction to the report. It was noted that Harrogate Borough Council had taken the initiative to undertake a self-assessment exercise in this regard which whilst not mandatory had proved useful for the assessment work undertaken between the Commission. It was anticipated that the results of the assessment would highlight actions that would lead to improvements in the Council's "Use of Resources". Page 5 of the report set out a summary of the scores awarded in relation financial reporting, financial management, financial standing, internal control and value for money. In response to a question from Councillor Harrison the Executive Director (Corporate Policy and Improvement) advised that the Council had sought local users views and believed that at the present time there was not sufficient local user need for the Annual Report to be produced in other formats. In future years the Council would be able to provide evidence that this was indeed the case and, therefore, avoid being marked down for this activity.

Members queried the overall scores allocated to the Council in relation to value for money and it was acknowledged that local factors did affect services provided both in the urban and rural areas and that those services expected to extend over both urban and rural areas may cost more to provide but could still represent good value for money. The ratings awarded to the Council reflected the way in which the Council managed value for money issues across a range of services and actually referred to judgements and decisions made in relation to savings and value for money.

The Audit Manager (Harrogate Borough Council) commented upon the findings set out in the report and the Director of Resources added that in terms of internal control it was his understanding that elected members would be expected to take a more proactive role in the future and demonstrate a greater level of leadership. It was generally recognised that this report was an accurate assessment of the Authority's current standing and that it would be critical to obtain evidence in the future to justify the way in which the Council made the decisions it did. It was acknowledged that the Council did need to improve the way in which it approached "Value For Money" issues and that there was a possible role for Scrutiny in that regard.

(5.57 pm – 6.28 pm)

99/05 – **THE AUDIT AND INSPECTION PLAN 2006/07:** The Chair invited Julie Talbot to introduce the report and who then referred to the distinction between business risks and audit risks and referred to the timetable for the Audit and Inspection Plan for 2006/07. The issues that would be addressed during the audit and inspections had been the subject of discussions held at an earlier meeting of the Commission. Julie Talbot then referred to the new financial systems that represented key audit risks for the Authority and which the Audit Commission would be monitoring.

The Chair then invited Members' questions in relation to the report. Councillor Theakston queried the percentage increase in the Audit and Inspection fee for 2006/07. The increase represented 8% on the fee for 2005/06 and it was noted that while most other authorities and bodies were being encouraged to find savings this was an increase. The Director of Resources had queried the same issue with the

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Audit Commission. The Director also advised that the fee estimate for 2004/05 which was not shown in the Appendix had actually been higher than the estimate for 2005/06 and, therefore, an increase in the audit and inspection fee was not only overdue but was anticipated to have been slightly higher than a simple annual increase. Members also questioned the fee for the certification of claims and returns. The Director of Resources commented that the fee of £24000 was not considered to be too significant bearing in mind the Council's claims were in the region of £20 million. The report was then noted, **agreed** and approved.

(6.28 pm – 6.40 pm)

SCRUTINY MATTERS AND REVIEWS UNDERTAKEN BY THE COMMISSION

100/05 – RECRUITMENT AND RETENTION ISSUES PANEL – FINAL REPORT:

The Chair of the Commission invited Councillor Theakston, the Chair of the Recruitment and Retention Panel, to introduce the final report on the work of the Panel in terms of recruitment and retention issues. The Chair wished to place on record the Commission's thanks to those members of the Panel who had been involved in the review. Councillor Theakston referred to the final conclusions and recommendations made by the Panel at its last meeting held on 5th April a copy of which were circulated to Members of the Commission. In doing so Councillor Theakston referred to each of the recommendations, contained in the body of the report, in turn and the reasons why it had been agreed to include them in the final report.

Councillor Theakston requested that a letter of thanks be sent on behalf of the Commission to the various Heads of Department involved in the work of the Panel and that was **agreed**.

The Chair thanked Councillor Theakston for his presentation and referred to a number of significant points set out within the report. The work carried out by the Panel was considered to be excellent and it was recommended that the report be approved and sent on to Cabinet for consideration and action.

Councillor Clark advised that it was originally his suggestion that had led to the establishment of the Recruitment and Retention Issues Panel and referred to the success of the Staff Opinion Survey which was considered to be the most significant piece of work undertaken by the Panel. It was noted that the survey would now be repeated every two years. It was acknowledged that whilst stress, harassment and bullying did affect staff at Harrogate Borough Council, as it did any other employer, these issues did not appear to be the reason for the level of staff turnover within the Council. It was also noted that as a result of the opinion survey further work had been undertaken within the authority regarding these issues. It was acknowledged that whilst there had been significant concern regarding the level of recruitment and retention at the Council that had led to the establishment of the Panel these issues had now been largely addressed and were not considered to be as significant. Councillor Theakston thanked the Resources Commission for their support and wished to place on record his personal thanks to the Scrutiny Officer, Mr Mark Codman for his work and efforts in relation to the Recruitment and Retention Issues

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Panel. It was **agreed** that the report was approved and would now be presented to Cabinet for consideration.

(6.40 pm – 7.02 pm)

101/05 - **RECRUITMENT AND RETENTION ISSUES PANEL MINUTES:** The Minutes of the Recruitment and Retention Issues Panels held on 8 March, 5 April, and 14 December 2005 and those Minutes of 9 February, 14 February, 9 March and 5 April 2006 were submitted to the Resources Commission. It was **agreed** that the Minutes be received.

(7.02 pm – 7.04 pm)

SCRUTINY CONSULTATION

102/05 - **PROJECT MANAGEMENT CODE OF PRACTICE:** The Executive Director (Corporate Policy and Improvement) submitted a written report to seek the Commission's views on a Code of Practice attached as an appendix to the written report and which would be used throughout the Council. The Code set out a framework of standards, protocols and processes for the identification of corporate management and control of projects. The framework was considered to be sufficiently flexible to cover projects of differing sizes and value from various professional disciplines.

It was intended that the Code of Practice be submitted to Cabinet for consideration at its meeting to be held on 24 May 2006 along with any comments the Commission would wish to make. The Executive Director referred to the input from a number of officers that had resulted in the Code of Practice and invited Members to comment and/or question the Code. In response to Members' questions the importance of the roles of "Project Owner" and "Project Manager" were acknowledged. It was **agreed** that the recommendations set out in the report be approved.

(7.04 pm – 7.07 pm)

MATTERS HOLDING THE EXECUTIVE TO ACCOUNT

103/05 - **FORWARD PLAN OF KEY DECISIONS:** There were no Forward Plan Key Decisions affecting the Commission.

(7.07 pm)

104/05 - **CABINET AND CABINET MEMBER DECISIONS:** The list of decisions made and currently scheduled to be made since the last meeting of the Commission was received.

(7.08 pm)

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SCRUTINY MATTERS AND REVIEWS UNDERTAKEN BY THE COMMISSION

105/05 - URGENT ITEM OF BUSINESS – OVERVIEW AND SCRUTINY

DEVELOPMENT: The Chair, Councillor Andrew Jones, referred to an urgent item of business referred to the Commission at his request. The item related to proposals for the development of the Council's Overview and Scrutiny arrangements that would, if approved, affect the remit of each of the Council's three existing Overview and Scrutiny Commissions. The Chair referred to the reason why this item was considered to be urgent explaining that Members of the Commission should be given an opportunity to consider the report in advance of the next meeting of the Scrutiny Co-ordinating Board which would determine whether or not the proposals should be approved. The Co-ordinating Board would then consider all comments received from the Council's Scrutiny Commissions. The Chair then invited the Executive Director (Corporate Policy and Improvement) to refer to the report and highlight the reasons for the suggested development of the Overview and Scrutiny function. The Executive Director referred to the need to develop and improve scrutiny following the Corporate restructure and new departmental structures now in place together with the need to refocus Scrutiny Commissions' purpose to steer away from service reviews in light of improving service standards. It was anticipated that service reviews could still be undertaken, however it was now considered appropriate for Commissions to begin to review more pressing and wider ranging issues relating to value for money across the Council as a whole. The Executive Director then referred to Option 1 (a) set out as an appendix to the written report which was considered to be the preferred option for change. The Executive Director then invited Members' questions in that regard. Councillor Harrison queried whether the decision to approve the implementation of the proposals depended upon the agreement of the other two Scrutiny Commissions. It was noted that the final discussion in this regard would be held at the Co-ordinating Board meeting on the 24th April 2006. The Scrutiny Officer then referred to Appendix A of the written report which described the way in which the new Scrutiny Commissions would work and their anticipated remits including that of the Audit Committee role currently contained within the remit of the Council Resources Commission. It was noted that the frequency of meetings would be broadly comparable to existing arrangements and the Chair advised that in his view the proposed arrangements would help Commissions in their work and would also help to identify training needs.

The Chair then invited Members to consider a decision in this regard and it was **agreed** unanimously that the Scrutiny Co-ordinating Board should agree the report submitted by the Scrutiny Officer, together with the recommendations to restructure the three Overview and Scrutiny Commissions as detailed in Option 1a of the report.

(7.08 pm – 7.30 pm)