

# Minutes

## REGULATORY AND AUDIT COMMITTEE

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**MINUTES OF THE MEETING OF THE REGULATORY AND AUDIT COMMITTEE HELD ON TUESDAY 28 JANUARY 2014 IN MEZZANINE ROOM 3, COUNTY HALL, AYLESBURY, COMMENCING AT 9.00 AM AND CONCLUDING AT 12.59 PM.**

### MEMBERS PRESENT

Mr S Lambert  
Mr Z Mohammed (Chairman)  
Mr R Scott  
Mr W Whyte

### OTHERS IN ATTENDANCE

Mr R Ambrose, Service Director, Finance and Commercial Services  
Mr J Chilver, Deputy Cabinet Member for Finance and Resources  
Mr R Cook, Interim Highways Manager  
Mr I Dyson, Chief Internal Auditor  
Mrs C Gray, Senior Democratic Services Officer  
Mr C Munday, Service Director, Learning, Skills and Prevention  
Mr I Murray, Manager - Assurance, Grant Thornton  
Mr A Petchey, Internal Auditor  
Mr S Rooney, Senior Manager, PLACE  
Mr R Schmidt, Assistant Service Director (Strategic Finance)  
Ms H Wailling, Democratic Services Officer  
Ms R Younger, Commercial Manager

### 1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP

Apologies for absence were received from Timothy Butcher, Bill Chapple OBE, Raj Khan and David Martin.

Steven Lambert was in attendance as a substitute for Raj Khan.

### 2 DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3 MINUTES

The Minutes of the meeting held on 19 November 2013 were agreed and signed as a correct record.

### **Matters arising**

Page 2 – is the Council contributing to Public Health staff pensions? Ian Dyson to follow up – Action: ID

Page 2 – information about annual leave in regard to fraud work – Ian Dyson said that a report would be run on this but had not yet been done.

## **4 INTERNAL AUDIT PROGRESS REPORT**

The Committee received the report of the Chief Internal Auditor. The report set out the audit reports finalised since the previous meeting and the status of the management actions, as well as the areas of activity which would be looked at in Quarter 4.

In terms of resources, the Principal Auditor secondment had been extended to April 2014, which would support the completion of the Audit Plan. An IT Audit Specialist had been commissioned to undertake a needs assessment and would carry out assurance mapping in Quarter 4.

Three limited audit reports were being brought to the Committee's attention. These were the audit reports for:

- Pebblebrook School
- Transport for Buckinghamshire Highways Contract
- Amey Contract

The Amey audit report would be discussed later in the meeting in closed session as it contained commercially-sensitive issues.

### **Pebblebrook School**

The internal audit had looked at the financial management processes. The School had a significant unplanned deficit on its budget, and the level of financial control had been found to be unacceptable. However the School had embraced the audit and the actions coming out of it.

This issue did not have a significant impact on the Council. The limited opinion had been given due to the financial management in the School.

A member said that Pebblebrook School was on the edge of their electoral division, and said that the report was so brief that they could not match up their existing knowledge with the information in the report. Ian Dyson said that the internal audit had looked at the School's financial management processes, and had found that these were not good. There had also not been a good system of internal control in place. The School had responded very positively to the audit outcomes.

The member asked if the audit recommendations had been sent to the School Governors, and the member said that they had taken a phone call from the Press the previous day. Ian Dyson said that the audit report went to the headteacher, the Chair of Governors, the Service Director and the Strategic Director.

The member asked if local Councillors received copies of audit reports. Ian Dyson said that they did not issue operational internal audit reports as a matter of course to members, but that they could do this if the Committee wished them to.

Anne Davies suggested that the local member could be sent the opinion from the audit report.

A member said that they received a number of emails asking if people were suitable as school governors. It would be helpful for him to be aware of any issues with his local schools. However he would not need to see the full audit reports.

It was suggested that this issue could be referred to the Deputy Leader and Cabinet Member for Education and Skills for consideration.

Ian Dyson then told members that there was currently a large piece of work being carried out (led by Ian Dyson) regarding assurances of financial management in schools. Internal Audit had identified that the Council's central assurance mechanisms were not working. A number of schools were going into deficit, and there had been a breakdown in the system of internal control over this. The role of Internal Audit was that if there was an alert, they would go in and carry out an audit in a school. More information on this would be reported at the next meeting – Action: ID

### **Transport for Buckinghamshire**

Ian Dyson introduced Allan Petchey, Contract Auditor, who had carried out the audit.

Internal audit had looked at the capital maintenance side of the contract, and at how effective the quality assurances were for the Strategic Client. The Strategic Client was smaller than it had been previously.

The audit had highlighted a number of areas of concern, in particular a lack of information being given to the Strategic Client. There were concerns regarding the accuracy of information retained for specific projects. Internal Audit had been in discussions with Ringway Jacobs, and was very satisfied that there was a strong improvement plan resulting from the audit, which was also linked to the Review Report produced by the Environment, Transport and Locality Services Select Committee.

A member said that as Chairman of the Environment, Transport and Locality Services Select Committee, they were surprised that they had not been advised that an internal audit had been carried out on the Ringway Jacobs contract. Ian Dyson apologised for this and said that the Regulatory and Audit Committee had been aware of the Transport for Buckinghamshire Audit through the Audit Plan, and through Ian Dyson referring to the audit at Regulatory and Audit Committee meetings. Ian Dyson had not specifically contacted the Chairman of the Select Committee, as the Review carried out by the Select Committee was separate to the internal audit.

Ian Dyson said that he would be more proactive regarding communication of audit reports being undertaken.

A member said that there needed to be better information-sharing, especially under the proposed Future Shape structure, which could form staff into 'silos'.

A member suggested that the managers in Transport for Buckinghamshire could have informed the Environment, Transport and Locality Services Select Committee about the internal audit.

Ian Dyson said that Transport for Buckinghamshire managers had been very clear that there should only be one action plan, containing actions from both the internal audit and the Select Committee Review. Internal Audit had agreed that one combined action plan would be useful.

A member said what concerned them greatly was that there did not appear to be change management methodology in place. The first bullet point of the recommendations was not strong enough and needed to use the word 'must.'

Ian Dyson said that it was unusual for Internal Audit to make recommendations. They normally identified the issues and asked the Service involved to draft the recommendations. This had been a piece of consultative work. If the recommendation were not strong enough, this could be addressed. The member said that this had been raised in the budget process and at the Select Committee several times.

### **Other Audit Reports**

*Capital Programme Review* – this audit had been requested by the Cabinet Member for Finance and Resources, who had been concerned about regular slippage.

A high level of assurance had been found on the ICT Capital Programme.

Internal Audit had looked at some building works and had found a number of issues with governance, including application of a gateway review process. There was also not enough reporting back to the Business Investment Group (BIG), which was the governance committee for this programme. There would be consideration as to whether to combine BIG with the Commercial Services Board.

A member referred to capital slippage, and said that they had had trouble understanding the terms of reference for the BIG, and that there was no information on the intranet or internet. This was unusual, given the large amounts of money being looked at by the BIG. The member said that they understood that the terms of reference for the BIG had recently changed.

*National Fraud Initiative (NFI) / Counter-fraud* – there had been three suspected irregularities regarding Vodafone mobile phone use. Investigations on these had been closed down, due to lack of evidence. Internal Audit would make recommendations about tightening up on procedures.

There was an ongoing investigation regarding an individual who had been caught cashing cheques for their own benefit. The member of staff had been suspended and human resources processes were being followed.

Nationally, local authorities had been targeted by fraudsters trying to change vendor banking details. The Council had made a payment to an erroneous account but this had since been stopped, so there had not been any financial loss. The incident had been reported to the Police and controls had been tightened. Thorough checks were now carried out on any vendor details being updated.

Regarding NFI, there had been no matters to take forward on those areas which they had investigated. There had been 3200 data matches, of which 250 had been investigated. No fraud had been identified.

A member said that too many acronyms were used in the report. Ian Dyson suggested that a glossary of acronyms could be produced and attached to the Committee agendas – **Action: ID**

The member referred to the suspected irregularities regarding Vodafone phone use, and said that it was a small figure involved (£2500). The member asked however what action was being taken regarding the last users of the phones.

Ian Dyson said that phones were handed in when staff left the Council. There was insufficient evidence in terms of who was to blame for the irregularities. Internal Audit was addressing the control implications.

Anne Davies (Service Director for Legal & Democratic Services and Monitoring Officer) said that there was a leavers' form for completion for collecting equipment when someone left the Council. Anne Davies also said that she chaired the Information Governance Board (IGB) and that the IGB was concerned about these issues.

A member referred to the Vodafone contract issues and asked how individuals paid their phone bills and how this was audited. The member asked if there was an ability to track certain calls. Ian Dyson said that the audit had not yet been completed. Phone calls could be audited and this was done. Reviews were carried out, including a review of the top 20 users. However monitoring and management controls had lapsed.

This was not a significant risk to the Council. However a loss of £2500 was never acceptable. The issues regarding the Vodafone contract had been flagged up by the Procurement Service. Rose Younger said that she would report back on the contract management of the Vodafone contract – **Action: RY**

A member asked about cashing of cheques, and if there was a policy in place. Ian Dyson said that the cheque referred to in the audit report had been made payable to a school. A money shop had refused to cash the cheque and had reported it. The member asked if any employee could get a cheque cashed. Anne Davies said that they could not.

A member said that they did not see any timescales for the Transport for Buckinghamshire audit actions or for the Capital Programme audit actions.

Ian Dyson said that Richard Schmidt would feed back on the Capital Programme slippage audit actions.

Regulatory and Audit Committee members had not previously received the full version of audit reports. It would be unusual to discuss the full audit reports in open session due to commercial sensitivities, or information that could put the Council at risk contained in the reports. However in future full audit reports could be added to the agenda for closed session discussions – **Action: ID / HW**

Richard Schmidt noted that the auditors and Head of Service were in attendance at the meeting for summarising the audit report and that it was intended as a summary report. The full reports had been made available on two large audits at the current meeting.

**The Committee noted the report of the Chief Internal Auditor, the Internal Audit Plan and the progress made.**

## **5 MANAGEMENT RESPONSE TO TRANSPORT FOR BUCKS AUDIT**

Bob Cook (Interim Highway Manager, Place Service) and Sean Rooney (Senior Manager, Transport) were welcomed to the meeting.

Sean Rooney said that he was grateful to Ian Dyson and his team in providing this report and that the findings were fair and reflective of the service provided. They had had the opportunity to work with the Internal Audit Team and had been kept apprised of progress throughout the process.

Sean Rooney said that there was one outstanding action from the findings of the previous audit report carried out in 2011. This action had recently been part of business negotiations carried out between the Service Director and senior managers of Place, in conjunction with the directors of the service provider, Ringway Jacobs. Those conversations were drawing to a conclusion and they would soon be in a position to close this action. Service Directors for Legal and Finance Services had been kept apprised of the discussions throughout the process.

A previous outstanding action related to KPIs had been resolved through the contract governance. It should be noted that as part of the recent Environment, Transport and Locality

Services Select Committee review of the contract, it had been recommended that KPIs were reviewed and the process had included elected members in the discussion.

Following the commencement of the Select Committee review, and subsequent conversations with the contractor, they had initiated and undertaken their own internal review of the process. This review had only just been completed and the Client was expected to receive the findings of this report in the near future (see page 12, final paragraph, of the agenda papers).

It had also been agreed that the contractor would identify improvements to the processes involved in the delivery of the Capital Maintenance Programme.

Transport for Buckinghamshire (TfB) had commissioned work to develop the TfB improvement plan. This had identified opportunities for improvement across a number of areas of the service. This improvement plan had also been reflected in the Select Committee review responses.

Sean Rooney referred members to Appendix A on page 17 of the agenda papers, which showed actions for improvement. To date, of the 121 actions, over 40% had been completed, and it was expected that 80% of the actions would be delivered by the end of May 2014.

Sean Rooney said that it should not be forgotten that the contract had provided a flexible platform to adapt to the changing services that had been requested by the Client.

It was Sean Rooney's opinion that the Service did have areas for improvement but that it was by no means beyond getting back to the 'best in class' contract that it had originally set out to be. It was a ground-breaking concept in the industry, although there were now more authorities willing to look at different ways of service delivery.

Reference had been made to the capacity of the Client. Again through recommendations from the Select Committee review, this was being addressed and they were looking to strengthen the Client so that it had a dedicated resource which would strengthen its ability to drive challenge and improvement in the Service.

Rather than go through each section of the response, Sean Rooney and Robert Cook would answer any specific questions that they were able to in open forum and were happy to return if a closed session was felt necessary by the Committee.

A member noted that 80% of the actions would be completed by the end of May 2014. The member said that they would like to see these, as well as the Internal Audit response, at a future meeting. Bob Cook said that he had gone through the Select Committee report, the internal audit report and the external consultant's review and had consolidated the actions from all of these. A full report would be going back to the next Environment, Transport and Locality Services Select Committee meeting.

The member said that they would like a report back against the specific internal audit actions at the first Regulatory and Audit Committee meeting after May 2014.

Ian Dyson said that the internal audit had focused on one area in the contract. The Select Committee review had looked at the whole contract. All of the actions were relevant to the Regulatory and Audit Committee. There would also be a Value for Money exercise commissioned by the Chief Executive. Ian Dyson said that he believed that Regulatory and Audit Committee members should be looking to the management team and to Internal Audit to ensure that all actions had been completed.

Bob Cook said that a review of the Action Plan had been scheduled to go to ETL Select Committee in August 2014.

Sean Rooney said that they were actively beginning to recruit into the Client, to ensure that the issues would not occur again.

A member asked when the last 20% of actions would be completed. Sean Rooney said that an improvement board met monthly and monitored the actions. Bob Cook said that the 20% remaining actions were mainly in regard to IT issues (which had a longer lead-in time), benefit realisation reports, and reviewing key policies, which took a longer time.

A member said that it was good to hear that they would finally have a response to the 2011 Audit.

The member referred to page 12, and asked what steps would be taken for the 49 member schemes to look at value for money. Ian Dyson said that Internal Audit had looked for those assurance mechanisms, and had highlighted that the level of assurance had not been there.

A member referred to page 15, where it described the difficulty in providing benchmarking information. The member asked if Internal Audit was happy with the response given.

Ian Dyson said that the response was consistent with a response received at Oxfordshire County Council. The highways maintenance efficiencies programme was running to 2018, and they were looking to achieve an effective means of benchmarking with other local authorities. Networking and the ability to understand what they were doing which was innovative was likely to bring more benefits than benchmarking. However Ringway Jacobs was required to undertake some benchmarking within the contract.

Bob Cook said that benchmarking was very important and that they had been moving actively on this. They were currently having a dialogue with Ringway Jacobs.

A member asked if any other audits of the Service had been carried out. Sean Rooney said that a number of audits had been carried out, both internally and externally. They had acted on the recommendations, bar a number of issues which had lingered. The contract had provided a flexible platform to allow recommendations to be delivered.

Ian Dyson said that more reliance was now placed on assurance coming from the assurance mechanism in Ringway Jacob's processes. So a comparison could not be made with previous audits. The comment from the Select Committee about strengthening the Strategic Client was very welcome.

A member referred to page 13 (second paragraph) and asked if this was an overly strong comment, in regard to the risk to financial probity. Sean Rooney said that they were honest and open in the way in which the service was run. The savings produced were not insignificant.

The member asked if there was a willingness from Ringway Jacobs to address identified issues (and referred to recommendation 11 in the Select Committee Review Report). Sean Rooney said that there was an appetite to review that.

A member said that in the Place Service they no longer had their own quality assurance, and asked how they would check as a Client. Sean Rooney said that the future shape and design was still being discussed. Probity and audit were recognised in the work Sean Rooney had been involved in. This was a question to be posed to the Future Shape Project Team. Currently challenge came from Sean Rooney and Bob Cook. They were actively recruiting to the Strategic Client to address some of the issues.

Ian Dyson said that financial probity was paramount. The Client needed to be satisfied that Ringway Jacobs assurance methods were robust and that there were processes in place to identify when it was not working.

A member suggested that there was an issue with contract management in the Place Service. Ian Dyson said that he did not believe there was a problem in the Place Service with contract management. The Council had recognised that contract management was very significant and had put a lot of resources into creating a contract management framework. This should highlight early where quality assurance was not happening.

The Chairman said that moving forward it would be useful for the Committee to see the Ringway Jacobs internal audit report.

Bob Cook said that the internal audit could inform how they targeted the Value for Money review.

Ian Dyson said that he was not tying those two pieces of work together. The audit review outcomes would allow the Strategic Client to plan work over the next 12 months. At the April 2014 meeting the Regulatory and Audit Committee could receive an update report.

A member said that they had not been aware of the second review and said that communication between elected members and Services was disjointed in places. Bob Cook said that the aim of the second audit had been to see how widespread some of these issues were.

Sean Rooney said that there was no reluctance to share information, and apologised on his part for not communicating about the different audits. Sean Rooney said that he had always been as open and honest as he could be, and said they would do anything which would strengthen the connectivity with elected members.

A member said that they had asked about other audits during the Select Committee review, and said that there was a reluctance to share information which then led to awkward discussions at Committee meetings such as this. The member said that there needed to be communication between the Internal Audit Team and support officers for the Select Committees, and would put this forward as a recommendation under Future Shape.

Ian Dyson said that they would address this going forward and would report back to the Committee in April 2014.

## **6 MANAGEMENT RESPONSE TO CAPITAL PROGRAMME AUDIT - VERBAL UPDATE**

Richard Schmidt (Assistant Director, Strategic Finance) referred members to page 25 of the supplementary papers, which gave the recommendations from the Capital Programme Audit. Richard Schmidt said that he agreed with the recommendations and had come to similar conclusions himself.

A number of senior managers were confused by the processes, and it was not clear whether officers should go to the Business Investment Group (BIG) or the Commercial Services Board. The processes for the two needed to be joined up. Richard Schmidt said that he would work with Rose Younger on this and said that he had agreed a gateway process.

Richard Schmidt said that there was capital programme slippage at many local authorities. The Council needed to be more open about what the issues were.

They would need to communicate the new process to managers, and aimed to have this in place by the end of the financial year.

The terms of reference for BIG were on the intranet site.

Richard Schmidt said that he sat on BIG, where slippage had been discussed. BIG welcomed the audit report.

A member said that project management was inherent to spending money. Members needed to see the process chart at the next meeting, showing step by step progress of an issue. This might help to inform the recommendations.

The member asked who would take ownership for capital projects from the Strategic Directors. Chris Munday said that he was responsible for school strategic projects and that he had regular meetings with his team. There were regular monitoring meetings between him and the responsible officers. The work was also monitored by the Children and Young People's RPD Board.

The member said that it was of great concern that the Council did not have a single 'snapshot view' of a change management programme. This was a risk to the Council. The member said that the Council needed to act quickly and that there were too many governance boards and decision points, with no overarching programme.

Richard Schmidt said that the Future Shape programme should pick up on wider governance arrangements.

The Chairman said that they would like feedback on the recommendations at the April 2014 meeting.

Ian Dyson said that they did have a gateway process. The disconnection was between the various boards and the overall arch of BIG and the Commercial Services Board.

## **7      TREASURY MANAGEMENT STRATEGY**

John Chilver, Deputy Cabinet Member for Finance and Resources, was welcomed to the meeting.

John Chilver took members through the Treasury Management Strategy Report and said the following:

- There was no fundamental change to the Treasury Management Policy. The Council was committed to achieving value for money in treasury management.
- The changes to the Treasury Management Strategy were shaded grey.
- The Investment Strategy would enable the Council to make the best decisions, with advice from Arlingclose.
- Both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and Department for Communities and Local Government (DCLG) guidance required the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield.
- The Council's borrowing objectives were to minimise the revenue costs of debt while maintaining a balanced loan portfolio.
- Page 36 showed the Council's treasury portfolio position as at 31 December 2013. The net investments figure (less debt) had been £35.5m.
- The Bank of England Base Rate, the official base rate paid on commercial bank reserves, had been 0.5% since March 2009.

- The Council was committed to building an Energy from Waste plant. This might require additional borrowing during 2016/17, although in practice much of this might be financed through a combination of earmarked reserves and current cash investments. The Council might borrow £10m per annum in advance of need during 2014/15 and 2015/16 and a further £10m in 2016/17. This would provide flexibility to spread borrowing over a longer period if required.
- During 2014/15 the Council would be borrowing £16m on behalf of the South East Local Enterprise Partnership (LEP) Buckinghamshire for the Aylesbury Eastern Link Road and High Wycombe Town Centre Transport Projects. HM Treasury had agreed that the LEP could access the Public Works Loan Board (PWLB) Project Rate at a discount of 40 basis points below the standard PWLB rate. The Council would arrange the loan and pay the interest to the PWLB on behalf of the LEP and the LEP would reimburse the costs incurred to the Council so that the loan was cost neutral to the Council.
- The Council might borrow short-term loans, normally for up to one month, to cover unexpected cash flow shortages.
- The overall limit that could be invested in non-specified investments was £150m. Non-specified investments were any with a maturity date of over 12 months, or any that were unrated.
- Paragraph 37 gave details of the benefits of new investment holdings. There had been benefit from the widening scope of activities. Following changes to the Strategy approved by County Council in November 2013, a £5m investment in the CCLA LAMIT Property Fund had increased by 3.45% in value during December 2013.
- From time to time an institution would be placed on negative watch or negative outlook, indicating that a downgrade was either likely or possible in the future. Watches were considered short-term actions, whereas outlooks were considered over a longer time horizon. If an institution was on negative watch so that it was likely to fall below the above criteria, then only investments that could be withdrawn on the next working day would be made with that organisation until the outcome of the review was announced.
- The Council had used swaps to hedge against currency and interest rates fluctuations for the Energy from Waste project.

John Chilver thanked officers in the Treasury Team for their hard work.

Richard Ambrose (Service Director for Finance and Commercial Services) said that the Council was required to approve a Treasury Management Strategy each year. This Strategy was broadly in line with what had been agreed in November 2013. Some changes would need to be made, e.g. regarding the increase in Council Tax.

A Treasury Management Group met monthly to look at the Strategy and the policies within that Strategy.

A member referred to paragraph 9 and asked what the likelihood was of the Council not having sufficient reserves to deal with cash-flow shortages. Richard Ambrose said that in regard to short-term borrowing, they were optimising investment returns. Often for one day or so they might need to borrow, but this had not happened for several years.

A member said that, on average, the Council was paying over 6% on the amount currently borrowed and asked if one or two days of borrowing would wipe out the advantage of any

savings. Richard Ambrose said that they had long-term borrowing. If they had to borrow in the short-term, it would be at approximately 1%, which was very low.

A member asked who would pay if the LEPs disappeared. Richard Ambrose said that LEPs were not able to borrow on their own. The Council had put things in place so that the money would be generated back. This was in the legal agreement.

A member referred to paragraph 9 and asked what the financial limit was on short-term borrowing. Richard Ambrose said that it gave the option to go up to £210m, and that they had used £180m already.

**The Committee recommended to Council the Treasury Management Policy Statement, Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2014/15, together with the Prudential Indicators for the next four years.**

## **8 COMPLIANCE REPORT - STANDING ORDERS RELATING TO CONTRACTS (EXEMPTIONS REPORT)**

Rose Younger, Commercial Manager, was welcomed to the meeting.

Rose Younger told members that when she had joined the Council, the exemptions process for contracts standing orders was the issue that services had complained about the most.

A new process for exemptions had now been running for a number of months. The new process had reduced the number of retrospective exemptions. The contract register would also reduce the number of exemptions as there would be more forward management of contracts.

'Quick quotes' had been introduced into the e-payments portal. This allowed visibility of data regarding quotations or tendering to local businesses.

The Council had tried to get Amey to put their contracts through the e-portal. This had been due to be done by November 2013, but had now been put back to February 2014. Rose Younger said that this was of concern to her.

Rose Younger then referred members to the table of exemptions received and registered retrospectively (page 26 onwards). The risk rating stated referred to the risk to the Council.

13/14-023 had been in regard to actuarial services. There had been insufficient time to undertake a competitive process, and there had been no choice, other than to go ahead, even though this might lead to a challenge being received.

13/14-028 referred to the Project Abode, which was an ongoing project at Mackintosh homes for people with learning disabilities. It related to care that had been provided to the homes.

Page 28 showed that the estimated value of tenders greater than £100k had increased from £37 412 967 in 2012-13 to £232 666 000 in March-December 2013. This increase reflected the increased visibility.

A member said that the biggest number of exemptions was in the Place Service, which could be due to the number of contracts which were handled by the Service. The member queried whether these had gone through the proper governance procedures.

Rose Younger said that currently a common reason for requesting an exemption was because of the need to install a new boiler in a school (there had been three of these). Rose Younger

had spoken to the Place Service and had told them that a framework was needed. The Place Service had accepted this and had requested quotes for this.

A member referred to page 21 and asked how the limit of £50k had come about, and how this had been communicated to small and medium enterprises (SMEs).

Rose Younger said that the £50k limit was a contract standing order limit at the Council. The Council had worked hard with Bucks Business First to get the SMEs to register on the e-portal, so that they received alerts. They were also looking at other ways of advertising (e.g. Twitter).

The rule was that if the system requested three quotes, two of these needed to be from a business with a Buckinghamshire postcode.

A member said that there was a lack of time to tender, and asked what steps were in place to prevent this. Rose Younger said that the contract management application drew service area information together in one place.

#### | **The Regulatory and Audit Committee noted the Report.**

### **9 UPDATE ON CONTRACT MANAGEMENT**

Rose Younger, Commercial Manager, referred members to her report, which provided a summary on progress with the implementation of the Council's Contract Management Framework and the Contract Management Application.

Contract management was a key control for the Council in becoming a commissioning authority. A demonstration of the system was planned for 25 February 2014, and members of the Regulatory and Audit Committee would be invited to attend this.

The work streams for the Contract Management Framework and the Contract Management Application had now been brought under one project team. The work was governed by the Contract Management Implementation Group. There had been some delays regarding the project team. Rose Younger was now the Project Manager. Her team had been working really hard with service areas. A weekly surgery had been held with the Contract Management Application provider (Arcus).

A pilot group of eleven platinum contract managers had been through a contract management training course. Feedback from the pilot group and their managers indicated that the training had been successful and had increased the contract managers' understanding of their role, developing both technical and 'soft' skills. They would be rolling out the training to other platinum and gold managers in the first half of 2014.

The Contract Management application would supply visibility. Rose Younger said that she would be asking members what level of access they would like to the system.

The contract register relied on the completion and upload of contract details. This could be a very lengthy process for complex contracts and had been delayed due to technical issues with the application.

The Contract Management system allowed officers to work out the resources needed to manage a contract. It would be really helpful to identify where a client had got too 'thin.' Some of the capital contracts would be pulled into the new system.

A member said that this was very positive. There needed to be a balance between monitoring on the one hand, but not too much bureaucracy on the other. The member asked how they could define the relationship between contract managers and members.

The member also referred to page 35 and said that a Transport for Buckinghamshire enquiry had showed that annual savings were hampering long-term benefits.

Rose Younger said that one issue was how the saving was captured, whether it was an MTP saving or a contract management saving. It was a much bigger piece of work than just pushing savings in contracts.

Improvement plans were visible on the system. Different levels of access were available on the system.

Ian Dyson said that the system was a manager information system, so it would be the main system used by BIG etc. The system should pick up on where there were RAG (red, amber, green) issues. It was a brilliant tool for governance.

Rose Younger said that quite a lot of other local authorities were interested.

Members asked that a report on the exemptions and on the Contract Management Application be brought to the Committee every six months.

### | **The Committee noted the Report.**

## **10 PETITIONS PROTOCOL**

Clare Gray, Senior Democratic Services Officer, was welcomed to the meeting.

At the last meeting of the Regulatory and Audit Committee a draft protocol had been presented to the Committee and members had asked for the following changes:-

- For local members to be involved at the earliest stage
- To simplify the route into the Council and the process so that it was clear to the petitioner how to submit the petition
- To review the threshold for signatures to make a petition valid

These changes had now been made. At the previous meeting, members had supported a 28 day limit for e-petitions, to avoid decisions being delayed.

Anne Davies, Service Director for Legal and Democratic Services, had recommended that members agree thresholds for a valid petition of 1000 signatures for a corporate issue, and 20 signatures for a local issue. Local issue petitions would go the relevant Local Area Forum (LAF).

A member said that they were concerned about the threshold and queried how a petitioner would know how many signatures they would get.

A member said that the remit of LAFs was inflexible. Anne Davies said that LAFs could express support for a petitioner and a member could then present the petition at full Council. The member said in that case they were happy with the proposals.

A member said that the changes made encapsulated the tone from members at the previous meeting. The member suggested that the flowchart could include reference to the number of signatures for the threshold. Even if a petition was not valid in terms of the number of signatures, the issue should still be communicated to the local member. This should be added to the flowchart.

A member said that their concern about using the LAF was that a LAF covered a huge geographical area, and met infrequently. If an issue was urgent, members needed to take this forward in a different way.

Clare Gray said that currently if there was a long delay, a response was sent to the petitioner in the interim.

A member referred to page 41, and said that the first paragraph under *the role of county councillors* should be changed to read, "Before considering whether or not to raise a petition to the Council the petition organiser SHOULD discuss the issue with their local County Councillor..."

A member referred to page 42 and asked if the postcode of a petitioner was checked. Anne Davies said that in the previous petitions scheme a petitioner did not need to be a resident in Buckinghamshire. The member said that it would be interesting to know if an issue in a petition was a true Buckinghamshire issue.

A member referred to page 47 and asked Clare Gray to clarify if petitions referred to LAFs were then reported to full Council for information – **Action: CG**

**RESOLVED**

**The Regulatory and Audit Committee**

- (i) Approved the draft protocol attached to the report.**
- (ii) Discussed and agreed the threshold for petitions.**

**11 FORWARD PLAN - STANDING ITEM**

Members noted the Forward Plan.

**12 UPDATE ON BUCKS LEARNING TRUST RISKS - VERBAL UPDATE**

This item was taken out of order due to timing at the meeting.

Chris Munday, Service Director, Learning, Skills and Prevention, was welcomed to the meeting.

Chris Munday told members that the Buckinghamshire Learning Trust (BLT) had been operational since 1 August 2013. The BLT was a platinum contract. The first performance monitoring review had been positive. There had been very good progress on narrowing the gap in attainment between pupils receiving free school meals and pupils not in receipt of free school meals, to 7% at primary and 5% at secondary.

A 'Lessons Learned' Review had been commissioned and shared. There had been a smooth transition of traded services. BLT had not needed to pull down a working capital loan.

There had been some delay in filling senior posts but these were now filled.

The only compliance issue was in regard to the Exit Strategy. This would be pulled together over the next two months.

**13 DATE AND TIME OF NEXT MEETING**

16 April 2014, 9am, Mezzanine Room 1, County Hall, Aylesbury

**14 EXCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

**That the press and public be excluded for the following item which is exempt by virtue of Paragraph 3 of Part 1 of Schedule 12a of the Local Government Act 1972 because it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)**

**15 INTERNAL AUDIT OF THE AMEY CONTRACT**

**16 ACTION TRACKER**

**17 CONFIDENTIAL MINUTES OF THE MEETING HELD ON 19 NOVEMBER 2013**

The confidential minutes of the meeting held on 19 November 2013 were agreed and signed as a correct record.

**18 INCLUSION OF THE PRESS AND PUBLIC**

**RESOLVED**

**That the press and public be included.**

**18 ADDITIONAL ITEM - REPORT FROM GRANT THORNTON**

The Chairman said that he had requested this extra item as the report was of relevance to the Committee.

Iain Murray (Grant Thornton) circulated some slides which pulled out some key themes in the report '2016 tipping point? Challenging the current,' which had previously been circulated to members. The report was based on analysis of 138 local authorities. This was the third version of the report which Grant Thornton had written.

The report had a focus on health integration and economic development. There was the possibility of reorganisation (e.g. a unitary model or strategic partnerships).

Two more pieces of work were being prepared, on alternative delivery vehicles and on corporate governance.

A member asked if Grant Thornton had done any work on the cost to create business to then generate revenue. Iain Murray said that it was very early days. There were currently only three local authority trading companies in the UK. One of the risks with income generation was that it distracted from the 'day job.'

A member said that they thought that there was still plenty of scope for cost-savings and for income generation. The Council did well with that, but there would be a hiatus at some point.

A member said that some predicted 2017-19 to be the period of the 'tipping point', when the Government would not provide funding for anything other than statutory services. The member asked if a catastrophic tipping point for local government was predicted for the next five years. Iain Murray said that local government was good at 'horizon spotting' of problems. Those in local government knew that they would need to do something fundamentally different. It depended on how each Council was managed.

A member said that it was still not clear what the Department for Communities and Local Government (DCLG) would do if a Council was not able to function. Iain Murray said that if this happened to an NHS Trust, services would be split among other providers.

The Chairman thanked Iain Murray for this item, and said that it would be useful for the Committee to look at the other two reports.

**CHAIRMAN**