AUDIT AND RESOURCES COMMITTEE

Tuesday, 6 December 2016 (6:15 pm – 7:32 pm)

PRESENT:

Councillor Holes (Chair); Councillors Atkinson, Tennent, Van Niekerk and Irish

Apologies for absence were received from Councillors Thomas, Balaam and Rushton

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RESOLVED ITEMS (SUBJECT TO QUESTIONS ONLY)

1. PUBLIC PARTICIPATION

There was no public participation on this occasion.

2. MINUTES

RESOLVED –

That the Minutes of the meeting held on 15 November 2016 be confirmed and signed by the Chairman as a correct record.

With regard to Minute 6 – Strategic Risk Management Group – In response to Councillor Atkinson’s question regarding insurance, the Chief Internal Auditor reported that the Council’s insurance company had advised that there was no cover for contractors who fall into administration and it was not something that could be covered. It had suggested that the Council safeguarded itself by paying contractors through stage payments which was something that the Council did, and this formed part of the contractual arrangements.

3. ANNUAL AUDIT LETTER

The Committee welcomed the new EY Executive Director, Paul King, to the meeting, and congratulated Martin Young on the birth of his daughter.

Martin firstly thanked Members for deferring this item from the last meeting due to his paternity leave. He went on to report that the Annual Audit Letter was similar to the Annual Audit Results, it was a statutory requirement as a public facing document, and its main purpose was to communicate to Members and external stakeholders, including members of the public, any key issues which it considered should be brought to the attention of the Council.
RESOLVED -

That the report be noted.

4. INTERNAL AUDIT MONITORING STATEMENT FOR PERIOD 1/7/16 - 30/9/16

Consideration was given to the report of the Chief Internal Auditor which updated Members of the progress made against the Plan for quarter 2, listed in Appendix 1 to the report.

The Internal Audit Team was resourced in-house and comprised a Chief Internal Auditor (part-time), a full-time Auditor and a part-time Auditor. Members were reminded that the 2016/17 Internal Audit Plan approved by this Committee in March 2016 was based on staffing resources of 3.4 FTE (full time equivalent). It was planned that resources would reduce to 2.4 FTE as a result of Service Redesign. It was agreed by this Committee on 6 September 2016 that this reduction in resources should not impact the section until the reorganisation was complete. Therefore, to cover the shortfall in resources the arrangement with Portsmouth City Council for IT Audit services (20 days in 2016/17), had been extended by an additional 32 days to cover five individual audit assignments. Furthermore an experienced Auditor was recruited on a casual appointment for 17 days during quarter 2 to complete two audit assignments.

In response to concerns about resources, the Chief Executive advised that as Audit were heavily involved in the Future Eastleigh Programme there was a budget set aside to fund any audit staffing resources that may be required over the next twelve months.

The Vice Chair in the Chair requested that an update on plans for additional resources be reported back to the next committee, and thanked the Chief Internal Auditor for her report.

RESOLVED -

(1) That the Internal Audit Monitoring Statement for the second quarter of 2016/17 be noted; and

(2) That the progress made on the implementation of Internal and External Audit recommendations be noted.

5. STAFFING ISSUES (HR/UNISON)

Agenda items 6a and 6b were taken together under this heading.

The Committee considered the reports of the Council’s Head of HR and UNISON and welcomed Catherine Granville, HR Manager, and Mark Lonsdale, UNISON Branch Secretary, to the meeting. The respective reports looked at the significant issues that had faced the Council’s staff
over the past twelve months and the emergence of the Future Eastleigh Programme.

**Report of HR**

Consideration was given to the report of the HR Manager that provided detailed workforce data and analysis on key criteria. It also provided an update on service redesign and the People Strategy, which were both work strands in the Future Eastleigh Programme. Catherine advised that the report was as set out and invited any comments from the Committee.

Members noted that there had been three cases of bullying and harassment reported in the last seven months, of which none had been dealt with on a formal basis at the time of writing. The Chief Executive advised that any cases were taken extremely seriously and that Management Team were following one up with managers.

**Report of UNISON**

Mark began his report by thanking the Audit and Resources Committee for again providing the opportunity to address Members and highlight the main issues from the past year, which had been dominated by the Future Eastleigh programme. It was a huge undertaking and a radical change in direction for the Council. It had been a difficult report to write to which he endeavoured to get a balanced view. Overall it had been a year of continuing change and transition. These changes and the on-going reduction in the Council’s expenditure meant that the Council would no longer be dependent on the Government’s Revenue Support Grant. There had been positives, and there had been a lot of work which had stretched staff.

The majority of roles in the new management structure and those in Management Team had been filled by internal appointments. Similarly, case management officers had been filled by existing staff. Many staff had welcomed the changes which had provided opportunities in terms of training, career development, and improved salary etc.

In summarising, Mark stated that his over-riding sense that the deadline to achieve this massive change by December 2017, coupled with the lack of experience and resources, and Future Eastleigh’s very complexity and unprecedented demands, had led to many of the issues identified in his report. Some had been unavoidable and some had not. He hoped that the Council would build on the successful elements of this process and also learn from its mistakes so that future phases would be less problematic and more compassionately delivered, which he sensed would be so.

The Chief Executive thanked Mark for his report but added that he did not totally share his diagnosis. It had been the first major programme and organisational change since 1996. It was at times a painful process but he was convinced that it was the right one to shape the Council for the future.
He admitted that the Council had got some things wrong; there had been immense pressure on Finance and HR, and underestimated the impact on jobs. He had apologised very sincerely at the Staff Conference but added that a lot had been learnt from the early stages and part of the difficulty had been in understanding where the pressures were. A number of staff had felt undervalued and pressured and a new Programme Manager had been employed along with a Corporate Director to take it forward. There had to date, been no service failure and it was worth noting that Direct Services had once again been nominated for the Streetscene award. A lot more challenges were ahead but it was a compassionate organisation and it had learnt a lot from the process. There would be areas that would inevitably go wrong but it would get better. The Council had been inundated with applications from staff excited to move forward. It had the resources and a programme in place and although it was going to be a tough twelve months, things would move forward positively.

In response to a question on what mechanisms were in place for staff to voice their concerns, Catherine Granville responded that staff could talk to their managers; there was outplacement support for those leaving the authority and the Chief Executive added that there had been extensive consultation at every stage. Feedback could be submitted anonymously if wished; everything was logged and an action list produced. The Council had listened and taken comments seriously.

With regards to a question on timescales, he added that now the Council understood the processes better it could engineer ‘space’. Dean Pratt had been appointed as Programme Manager which had made a massive difference to the timescales of the project, allowing time to take respite of consultation over the Christmas period.

Members thanked Catherine Granville, Mark Lonsdale for their informative reports; the Chief Executive for his input; and staff for all their hard work. Members were reassured that it was a positive way forward and looked forward to next year’s Staffing Issues reports.

It was AGREED -

That the reports be noted.

6. UPDATES FROM MEMBERS REPRESENTING SENIOR RISK MANAGEMENT GROUP (SRMG) / PROCUREMENT EXECUTIVE GROUP (PEG)

There had been no new meetings of Senior Risk Management Group (SRMG) / Procurement Executive Group (PEG) since last reported.

7. SERVICE REDESIGN UPDATE

The Chief Executive was excited to report that the first two elements of Future Eastleigh had gone ‘live’ the previous day on Monday 5 December
2016. Strategy and Support Services, with the case management system, that was an exciting new piece of software. The new way of working enabled staff to work agilely or in clusters. A lot of work had been carried out over the weekend it was a credit to all those involved who had done a fantastic job to get it ready for Monday morning. The, only issue was the size of the lockers which were far smaller than expected, and a meeting was to be held the following day to discuss any way forward.

To build on this success, Phase 2a would be starting shortly with the local area services and meetings would be convened with the Local Area Committee Chairs, as the local area structure made Eastleigh unique. Newsletters would also be sent to Members inviting them to comment on how the Council could become more commercial.

In response to a question on budgets and savings, the Deputy Chief Financial Officer responded that the Council was indeed on track and it was hoped that it would exceed its savings target.

8. ACTION LIST

The Committee considered the Action List, which set out the recent decisions and subsequent actions arising from the Committee and removed those that were complete.

It was AGREED -

That the Action List be noted.

9. FORWARD PLAN

The Committee considered the current Forward Plan of Key Decisions. It was confirmed that the Council Budget meeting would be on Thursday 23 February 2017

It was AGREED -

That the current Forward Plan be noted.

10. WORK PROGRAMME

The Committee considered its current Work Programme and made amendments thereon.

It was AGREED -

That the Work Programme be noted.