REPORT OF OVERVIEW AND SCRUTINY COMMITTEE

MEETING HELD ON 27 APRIL 2004

Chair:	* Councillor Jean Lammiman		
Councillors:	* Blann	*	Marie-Louise Nolan
	* Mitzi Green		Osborn
	* Ann Groves	*	Pinkus
	* Ingram	*	Thammaiah
	* John Nickolay (5)	*	Versallion

* Denotes Member present
(5) Denotes category of Reserve Member

PART I - RECOMMENDATIONS

RECOMMENDATION I – Establishment of an Audit Committee

The Committee received a report of the Executive Director (Business Connections), which outlined proposals to establish an Audit Committee. The report also set out the reasons for the proposals, options for the structure, and possible terms of reference for the Committee. Officers envisaged that the proposed Committee would need to meet three or four times a year. Members' views on the proposals were sought.

In response to Members' questions, further information was provided on the role of the proposed Committee. It was advised that the Committee would not only receive and consider the Council's financial statements, but would also be involved in ensuring that officers were taking appropriate action in response to issues raised in audit reports. An assurance was given that there would be no individual personal liabilities on Members of the Committee.

It was noted that training for Members of the Committee would be provided, but the extent to which such training would be useful, given the complexity of the issues to be considered, was queried. Officers suggested, however, that there was a need to differentiate between the role of the auditors and accountants who would report to the Committee, and that of the Members of the Committee who would be scrutinising auditors' reports. Though Members would be given a thorough grounding in the principles underpinning the issues under consideration, it would, to a certain extent, be a matter of using common sense to make sure that appropriate action was being taken in response to issues raised. There would be a role on the Committee for Members both with and without accounting expertise.

A Member was concerned that the Committee would still need advice from officers as to whether the responses to issues raised were adequate, and queried where that support would come from. It was advised that Internal Audit would be providing significant support to the Committee, and Members were reminded of Internal Audit's role of being independent and providing Members with an objective opinion.

Members discussed the three options for the structure of the Committee. With regard to the first option – to expand the terms of reference of the Overview and Scrutiny Committee to include the role of an Audit Committee – Members felt that the Overview and Scrutiny Committee already had a challenging workload, and would not have the capacity to take on additional functions, even if the proposed terms of reference were narrowed down. Nor did Members believe that setting aside part of Overview and Scrutiny Committee meetings for audit matters was workable.

With regard to the second option, the establishment of a Sub-Committee of the Overview and Scrutiny Committee, some Members expressed concern about the membership of the Sub-Committee. It was noted that Cabinet Assistants would be precluded from sitting on the Sub-Committee, as they would on any scrutiny body, and there was therefore concern that the membership of the Sub-Committee would have to be drawn largely from existing scrutiny Members, thereby increasing their workload. Although the Sub-Committee would not undertake review work like the other Scrutiny Sub-Committees, it would still place an additional burden on those scrutiny Members serving on it, due to the need to attend meetings and also undertake training. It was pointed out, however, that there were currently only 7 Cabinet Assistants who would be debarred from sitting on the Sub-Committee. In addition, the Chair suggested that the

establishment of a Sub-Committee would provide an opportunity to extend further the pool of scrutiny Members, by providing a role for Members not currently involved in either scrutiny or the Executive.

There was also some concern that a Sub-Committee would increase the workload of the officers dedicated to scrutiny. Officers anticipated, however, that the Committee would be directly supported by finance officers; any support from the Scrutiny Unit would be minimal.

It was noted that the third option, a stand-alone Committee of the Council, would be able to draw its membership from a wider pool of Members, including Cabinet Assistants. A Member queried whether individual Members of the Executive could also serve on such a Committee but it was advised that, while there were no statutory requirements that prevented this, there were some best practice issues, particularly around conflicts of interest, which made it undesirable. It was also noted that the third option was not recommended by officers, as the terms of reference of the proposed Committee were consistent with those of the existing Overview and Scrutiny Committee. It would not be desirable for the functions of a stand-alone Committee to be duplicated by the Overview and Scrutiny Committee; if such a Committee were established, this might therefore impact on the ability of the Overview and Scrutiny Committee to look at corporate governance issues.

It was agreed that there was a need for the Overview and Scrutiny Committee to give further consideration to the proposed terms of reference, whichever option was favoured.

Members were mindful that the authority to approve the statement of accounts had to be delegated to a Committee at Annual Council, as Council was not currently scheduled to meet again until October and there was a statutory requirement for the statement of accounts to be approved by the end of July. A Member queried whether a temporary ad-hoc body could be established to approve the accounts, as had happened last year, and it was confirmed that this was possible. Noting that this would enable the statement of accounts to be approved within the deadline but would also enable the Committee to give the proposed terms of reference further consideration, Members agreed that Council be recommended to establish an ad-hoc Committee with minimal terms of reference, as a temporary measure, and that this matter be brought back to the Overview and Scrutiny Committee for further discussion. Members were invited, however, to express a preference for one of the options at the meeting, and the majority of Members favoured the third option at that stage.

Resolved to RECOMMEND: (To Council)

That an ad-hoc Committee be established with the following terms of reference:

"To approve the Council's Statement of Accounts".

REASON: To improve the Council's governance arrangements.

(See also Minute 165).

PART II - MINUTES

158.   **Attendance by Reserve Members:**

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member	Reserve Member
Councillor Seymour	Councillor John Nickolay

159.   **Declarations of Interest:**

RESOLVED: To note that there were no declarations of interest made by Members of the Committee in respect of the items on the agenda.

160.   **Arrangement of Agenda:**
The Chair advised that the Head of Community Care and the Finance, Performance Management and Human Resources Portfolio Holder would be coming to the meeting in due course for agenda items 13, National Development Team Review of the Harrow Learning Disability Team, and 11, Work Programme 2004-05 and Annual Report 2003-

04 respectively. She suggested that these items be moved up the agenda when they arrived; this was agreed.

It was also suggested that agenda item 19, General Computer Controls Progress Report, be considered immediately after agenda items 15 and 16, given that all three items related to IT matters; this was agreed.

RESOLVED: That (1) agenda items 13 and 11 be moved up the agenda when the Head of Community Care and the Finance, Performance Management and Human Resources Portfolio Holder arrived at the meeting;

(2) agenda item 19 be considered after agenda item 16; and

(3) the following item appearing in Part II of the agenda be considered with the press and public excluded for the reasons indicated under the relevant paragraph of Part I of Schedule 12A to the Local Government Act 1972 (as amended) as set out below:-

Agenda Item	Paragraph
19. General Computer Controls Progress Report	Paragraph 14 - the report contains information relating to "Any action taken or to be taken in connection with the prevention, investigation or prosecution of crime".

161.   **Minutes:**

RESOLVED: That the minutes of the Ordinary meeting held on 3 February 2004, and of the Special meeting held on 2 March 2004, having been circulated, be taken as read and signed as correct records.

162.   **Public Questions:**

RESOLVED: To note that no public questions were put at the meeting under the provisions of Overview and Scrutiny Procedure Rule 8.

163.   **Petitions:**

RESOLVED: To note that no petitions were received at the meeting under the provisions of Overview and Scrutiny Procedure Rule 9.

164.   **Deputations:**

RESOLVED: To note that no deputations were received at the meeting under the provisions of Overview and Scrutiny Procedure Rule 10.

165.   **Establishment of an Audit Committee:**
Further to Recommendation I above, it was

RESOLVED: That further consideration be given to the terms of reference for the proposed Audit Committee at a future meeting.

166.   **National Development Team Review of the Harrow Learning Disability Team:**
Further to a request at the joint meeting of the Health and Social Care and Lifelong Learning Scrutiny Sub-Committees on 17 September 2003, the Committee considered the report of the National Development Team review of the Harrow Learning Disability Team, together with the Action Plan drawn up in response to the review.

Members welcomed the report and commended it for its accessibility, especially for the client group. The action plan was also commended. In particular, a Member welcomed the task set out in the action plan to establish an integrated health/people first IT system, as this was an issue which was frequently raised at the Health and Social Care Scrutiny Sub-Committee. Another Member was pleased to note from the action plan that so much had already been achieved. Members agreed that they would like to keep a watching brief on the implementation of the action plan and requested that the Committee receive an update on this in 12 months' time.

RESOLVED: That (1) the report be noted; and

(2) an update on the implementation of the action plan be submitted to the Committee in 12 months' time.

167.   **Work Programme 2004-05 and Annual Report 2003-04:**
          Members received a report of the Executive Director (Organisational Development), which set out the draft scrutiny work programme for 2004-05 for consideration, and proposed a process for the preparation of the annual report for 2003-04. An addendum to the report, setting out the issues which would be subject to in-depth review in 2004-05 by the Lifelong Learning and Environment and Economy Scrutiny Sub-Committees, was tabled. The Committee also received a report provided by the Leader of the Council which summarised achievements to date, and key priorities for the year ahead, within his portfolio.

          At the meeting, the Committee received a presentation from the Finance, Performance Management and Human Resources Portfolio Holder on the key objectives for 2004/05 relating to service areas within Business Connections, performance management and human resources. These included the development of strong management; the continued development of financial strategy and the budget process, including budget consultation; major ICT developments, including the procurement of a strategic partner; major procurement developments, including the roll-out of the procurement card; and the alignment of service planning and financial planning processes. Members thanked the Portfolio Holder for the presentation, which was welcomed. In particular, a Member felt that it demonstrated, when considered in the light of reports such as the IDeA peer review and the scrutiny review of e-government, that the Council had made a lot of progress in the past couple of years.

          The Chair commented that many of the issues highlighted by the Portfolio Holder were already included in the Committee's work programme, either as agenda items or as part of scrutiny reviews. One issue which had not been mentioned, however, was the review of middle management. Although this review would be examined as part of the scrutiny review of the New Harrow Project, she felt that the Committee should also keep a watching brief on it. It was suggested that the Portfolio Holder be requested to keep the Committee informed of developments, for example by attending a future meeting. It was noted that the middle manager appointment process was due to be finished by the end of 2004, and the most appropriate timing for a report back on this was discussed. The Director of Organisational Performance suggested that this would be when the process was concluded and lessons could be learnt from the experience.

          Noting that scrutiny should reflect the concerns of the public, a Member felt that a current issue of concern was the usefulness of consultation, and suggested that this be incorporated into the Committee's work programme. The Director of Organisational Performance advised that he would be doing some work around this issue and would expect to bring a report on it to both the Committee and the Executive in due course.

          A Member highlighted that there would be a need to follow up on the outcomes of review of budget processes, and suggested that the Committee do this at its October meeting; this was agreed. The Member also gave a brief update on the review: an interim report on the communications workstream was now scheduled to be produced in June or July to inform the consultation process on the budget for 2005/06.

          Noting that the Committee already had a heavily committed work programme for 2004-05, it was agreed that no additional topics for review be added to it at this stage. The Chair invited Members, however, to think about areas which could be subject to review in due course.

          It was also noted that the officer report set out some proposed additional criteria for the inclusion of items in the work programme; these were adopted.

          The Vice Chair highlighted that the Committee had had a heavy workload in the past few months which had necessitated an extra meeting in March, and suggested that the Committee was likely to be in the same position next year. It was agreed that an additional meeting of the Committee in March 2005 be arranged early in the new Municipal Year.

          The Chairs of the Scrutiny Sub-Committees gave verbal updates on some of the items agreed as part of their work programmes. In particular, the Chair of the Health and Social Care Scrutiny Sub-Committee stated that the reconfiguration of services at Mount Vernon Hospital needed to be added into the Sub-Committee's work programme. Another Member added that she had had very positive feedback from Harrow PCT on the report of the scrutiny review of delayed transfers of care: the PCT had found the report very helpful, and had been particularly impressed with the way in which the review group had been able to get input from the public.

The proposed process for the preparation and publication of the annual report for 2003-04 was agreed.

RESOLVED: That (1) the draft work programme, as amended to include the items outlined above, be agreed;

(2) the Health and Social Care Scrutiny Sub-Committee's decision to undertake a review of domiciliary care, as requested by Cabinet, be endorsed;

(3) an additional meeting of the Committee in March 2005 be arranged early in the new Municipal Year;

(4) the additional criteria for the inclusion of items in the scrutiny work programme, as set out in paragraph 6.3 of the officer report, be adopted;

(5) the proposed process for the preparation and publication of the annual report for 2003-04 be agreed.

168.   **External Audit Review of the Scrutiny Function:**
The Director of Organisational Performance introduced a report, which advised that the Council's external auditors were undertaking a review of the scrutiny function, and set out the objectives, methodology and intended outputs of the review.

At the meeting, the Director of Organisational Performance provided further information on the reasons for the review, the members of the review team, the areas that would be examined, and the timetable for the review. It was advised that the review team would be doing most of their on-site work in June and July, and were scheduled to report in September or October. A draft action plan in response to the review report would be prepared in October or November. It was also intended that relevant scrutiny Members would meet with the review team early in the process.

The Committee was pleased to note that members of the review team had previous experience in reviewing scrutiny, and that scrutiny Members would be meeting with them early in the process; it was suggested that a cross-section of scrutiny Members, rather than just the chairs of the scrutiny bodies, be involved in these meetings.

Members were concerned that the team should be made aware of the history of how scrutiny had developed in Harrow and that, for example, scrutiny in Harrow had not had dedicated resources and a high profile from the outset like it had in some other authorities. It was suggested that it was incumbent upon Members to ensure that such points were made to the review team. Members acknowledged their role in this, but also requested that the review team be fully prepared, for example by reading minutes and review reports, and speaking to officers; Members did not wish to have to provide the review team with information which they should already be aware of.

A Member welcomed the review, but felt it was important that Harrow should not be judged against other authorities, as the way in which scrutiny was carried out was unique to Harrow. He also expressed concern that the objectives of the review did not follow the terms of reference of the Committee - in that it did not reflect the Committee's role in taking up the concerns of the people of Harrow - and that the review methodology did not bring in external partners. In response, the Director of Organisational Performance advised that to a certain extent the review team would judge Harrow on its own merits, and suggested that Members try to steer the review team to do this, but stated that it would be impossible for them not to compare Harrow with other authorities. With regard to the objectives for the review, these had been discussed with the Chair and Vice Chair of the Committee and shared with the Chairs of Scrutiny Sub-Committees. There were references to public engagement therein, but officers could look at highlighting them more.

Members were concerned that one of the ground rules of the review was that it would not make recommendations about resourcing. A Member felt that the review should comment on the workload of the scrutiny bodies and whether resources were sufficient in terms of both the agreed work programme and what the Council as a whole wanted scrutiny to achieve. It was advised that the review would inevitably touch on resources, but the review team were not the decision makers and that external inspecting teams would not normally second-guess the decision makers. Members nonetheless felt that the review should at least comment on whether scrutiny was working smartly enough, and that if scrutiny was working smartly but was under-resourced, this should be stated; it was suggested that the first ground rule be amended to reflect this. The Director of Organisational Performance advised that he would be happy to amend the ground

rules. However, the terms of the review were drawn up by the review team and subject to negotiation between the review team and the Council; the Council could not oblige the review team to change them. The Chair stated that she was confident Members could make their views on this issue clear to the review team.

RESOLVED: That the arrangements for the external review of scrutiny be noted.

169. **Extensions of the Meeting:**
At 9.57 pm, during discussion of the above item, and subsequently at 10.18 pm, at the conclusion of the discussion on the Internal Audit Plan 2004/2005, the Chair drew the attention of the meeting to the time.

RESOLVED: That, under the provisions of Overview and Scrutiny Procedure Rule 6.7(ii)(b), the meeting be extended to 10.20 pm and 10.30 pm respectively.

170. **Best Value Performance Plan 2004/05:**
The Committee considered a report of the Director of Organisational Performance, which described the arrangements for the approval and adoption of the Best Value Performance Plan 2004/05, and set out an initial draft Plan.

The Director of Organisational Performance confirmed that data which was currently missing from the draft would be included in the final plan, and highlighted that the performance data set out in the plan would have an important bearing on the Council's CPA rating in 2005.

RESOLVED: That the draft Best Value Performance Plan 2004/05 be noted.

171. **Internal Audit Plan 2004/2005:**
The Chief Internal Auditor introduced a report which provided details of the agreed 2004/05 Internal Audit plan.

A Member noted that this year's audit plan did not include a breakdown of the number of hours to be spent by Internal Audit on each of the reviews. While he did not feel that such a detailed breakdown was necessary, he felt it would be useful if the plan set out the percentage of time to be spent on each macro area, together with comparative data for previous years, in order that Members could see how the emphasis of Internal Audit's work was changing.

RESOLVED: That the Plan be noted.

172. **Business Continuity Planning:**
The Committee received a verbal presentation from the ICT Manager on the way in which business continuity planning was being taken forward within the Council.

The ICT Manager outlined the actions which were being taken, and some of the issues facing the Council. Work on business continuity planning for the Council as a whole was being led by the Director of Business Strategy and the Risk and Insurance Manager, and a high level working group on this was being established. There was £250,000 this year in the funding for the ICT strategy for work on business continuity. There were a number of projects already on-going which would feed into the work on business continuity, such as a project to develop flexible and mobile working.

The Council was facing 1000% growth in data storage, and some information on overall data growth was tabled. The number of servers supporting the network had doubled in last 18 months and there was a need to undertake server consolidation. With regard to back-ups, there were too many tape drives, and there was a need to put in place system management software.   The proposed location for the Arms Length Management Organisation had a purpose-built computer room, which could be used for mirrored storage off-site.

The Chair thanked the ICT Manager for his presentation.

RESOLVED: That the presentation be noted.

173. **Information Report on BVPI 157:**
The Committee received a report of the Executive Director (Business Connections) which provided information on the current situation with respect to BVPI 157. In addition, a GANTT chart setting out the timescale for the implementation of corporate projects which would enable the Council to increase its score against the BVPI 157 target was tabled.

At the meeting, an officer advised that it was anticipated the Government would create an additional target for 2007 on e-government take-up. It was also reported that the Council's IEG3 statement had been accepted, and that the Council would receive £0.5m extra funding on IEG3 for this year and next.

Members were concerned that the authority was on course to meet the BVPI 157 target by December 2005. It was advised that it would be impossible to meet the target of 100% of public-facing services being e-enabled, due to the way in which the target was measured by the Government. In addition, the target was being measured differently by different authorities: one London authority was measuring less than 200 processes, while Harrow was measuring over 700 processes and a neighbouring authority was measuring over 1,000. It was anticipated that Harrow would achieve 98% e-enablement by the end of 2005, which was the most it could achieve.

A Member felt that the report was not very accessible due to the jargon used therein, and requested that future reports be written in plain English.

RESOLVED: That the report be noted.

174.   **General Computer Controls Progress Report:**
The Committee considered a confidential report of the Executive Director (Business Connections), which set out the current situation with respect to the general computer control issues identified by the external auditors in relation to the year ended 31 March 2003.

RESOLVED: That the report be noted.

175.   **Progress Reports on Reviews - Members' Verbal Updates:**
In light of the Committee having already received updates on the review of budget processes and the review of the NHP during the discussion of previous agenda items, particularly the work programme (minute 167 refers), no further updates were given.

176.   **Benefits Performance Report March 2004:**
Further to this information circular report having been raised as an item of any other business, a Member congratulated officers on having turned around the benefits service, which was previously a very poorly-performing area of the Council, in the last six months.

177.   **Frances Hawkins:**
The Chair advised that this was the last Overview and Scrutiny Committee meeting at which Frances Hawkins, the Committee's Scrutiny Support Officer, would be present, as she would shortly be going part-time and focusing on project work. Members thanked Mrs Hawkins for all her hard work and support.

(Note: The meeting, having commenced at 7.30 pm, closed at 10.32 pm).

(Signed) COUNCILLOR JEAN LAMMIMAN
Chair