

**Committee:** Scrutiny 2 – Resources & Environment  
**Date:** 3 July 2002  
**Agenda Item No:** 5  
**Title:** Internal Audit Reports  
**Author:** John Mercer (01799) 510423  
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## Summary

- 1 This report sets out the results of internal audit work completed during the past six months. It refers to services falling within the remit of the Resources and Environment Scrutiny Committee only. The results of other work falling within the remit of the Community and Housing Scrutiny Committee were reported last month.

## Background

- 2 The Internal Audit Section reviews the Council's internal control systems as a contribution to the management of risk and the economic, efficient and effective use of resources. The requirement for an adequate internal audit function is set out in the Accounts and Audit Regulations 1996.

## Recent Audit Work

- 3 *Energy management* – a number of problems were highlighted during an otherwise satisfactory audit. These problems included the payment of bills based upon incorrect meter readings. In addition bills were paid for properties no longer owned by this Council. As a result of the audit, revised accounts have been requested and are due in the next billing period.
- 4 Very high water consumption at John Dane Player Court (JDPC) was also highlighted during the audit. Investigations by the Housing Repairs Section took place last year, but failed to establish a reason for this apparent problem. Payments for the water supply consequently totalled £8,250 in 2001/02. This compares unfavourably to similar locations where payments are around £3,000. At the request of Internal Audit, the Energy Manager and Housing Repairs Section are now investigating this matter further.
- 5 *Payroll, allowances and expenses* – it was once again reported that payroll administration is carried out to a high standard. Following a recent tendering exercise, Bedford Borough Council has been asked to administer the Council's payroll. The on-going implementation of the new arrangements was reviewed as part of the audit. Although progress is being made, a number of key issues will need to be addressed in the coming weeks. These include

proper systems of control over prime payroll documents and roles and responsibilities in respect of checking and authorising payments.

- 6 *Creditor payments and VAT*- at the time of the audit, 90% of invoices sampled were paid on time. This is a significant improvement on previous audit findings and reflects efforts made by staff across the Council. It was identified, however, that several recommendations from previous internal and external audits were outstanding. These related to the non-completion and authorisation of bank reconciliations and the management of un-presented cheques. Subsequent follow up work has confirmed that these recommendations have now been addressed.
- 7 Other recommendations relating to verifying bank charges, updating authorised signatory lists and archiving historic data within the Financial Management System are due to be addressed by the end of this month. These will be checked as part of the audit follow up process.
- 8 *Miscellaneous debts* – it was confirmed that systems of control were working well. However, it was identified that effective recovery action needed to be re-introduced in several instances where debts had been outstanding for some considerable time. Recent audit follow up work confirmed that this recovery action has now taken place.
- 9 *Building cleaning contract* – it was confirmed that there is effective control over the financial and day to day management of the cleaning contract, although neither the formal agreements, nor the performance bond, had been finalised at the time of the audit. The standard of cleaning was generally satisfactory, although a minority of localised problems were highlighted. A recommendation was made to ensure cleaners are properly vetted as many come into contact with potentially vulnerable people. Work is still in progress to address these issues and it will be reviewed as part of the audit follow up process.
- 10 *Personnel* – it was confirmed that core tasks, such as recruitment and selection, are effectively controlled. It is important for Personnel Services to introduce new, and revise existing, policies and practices for the Council to effectively manage change. It was confirmed that these are now reflected in Personnel's Service Plan for 2002 – 2005.
- 11 *Revenues* – it was confirmed that systems of control were working well, and measures of performance improving at the time of the audit. Relatively minor recommendations relating to; providing staff training on the Data Protection Act; testing a contingency plan; drawing up procedure notes and improving the frequency of void premises inspections, have been addressed.

FOR INFORMATION

Background Papers: Relevant Internal Audit files.

**Committee:** SCRUTINY 2 – RESOURCES AND ENVIRONMENT  
**Date:** 3 JULY 2002  
**Agenda Item No:** 6(i)  
**Title:** CORPORATE PERFORMANCE LEGAL AND MONITORING SERVICES BEST VALUE REVIEW - -PROGRESS REPORT  
**Author:** Michael Perry (01799) 510416  
**Members** Councillors R. Copping, D. Miller and R. Stone

### **Summary**

- 1 This report details the progress made to date with the Corporate Performance Legal and Monitoring Services Best Value Review. It seeks comments from the Committee on whether the Review is progressing satisfactorily and recommends that the Scrutiny Committee notes progress and advises on what else needs to be considered.

### **The Services and their Costs**

- 2 At the meeting of the Scrutiny 2 Committee on 27<sup>th</sup> March 2002 the Terms of Reference for the Corporate Performance Legal and Monitoring Services Best Value Review were confirmed.
- 3 At the first meeting of the Best Value Team and Members it was agreed that the Members would form part of the Core Group and not a separate reference group to which a Core Group reported.
- 4 It was agreed that as the Review covered four distinct areas (Internal Audit, Monitoring Officer Services, Legal Services and Corporate Performance) the approach would necessarily differ in each of these areas.
- 5 Internal Audit would consider whether:-
  - a. The current level of audit coverage is adequate and if not, what can be done to address the shortfall
  - b. The current approach to the delivery of internal audit is effective
  - c. Stakeholders are satisfied with the service they receive
  - d. The service is being delivered at a reasonable price.

- 6 The role of the Monitoring Officer has changed substantially under the new ethical framework. Because of this there was little to be served by carrying out a detailed review of the role to date. The review would therefore be more prospective in looking at what Members, the Standards Committee and Parishes expected from the Monitoring Officer. The Council does not have a separate budget for Monitoring Officer Services.
- 7 Legal Services would examine the functions it performed and at what cost. The total gross costs of legal services for the year 2001/2 (provisional outturn) was £356626 including £128611 spent on external legal advice and representation. Income was £12700 (excluding local land charges) giving a net costs figure of £343926 (provisional outturn) The services and costs can be broken down as follows:-

<b>SERVICE</b>	<b>COST</b>
Planning <ul style="list-style-type: none"> <li>a) Attending at and advising meetings.</li> <li>b) Drafting enforcement notices.</li> <li>c) Drafting Breach of Condition Notices.</li> <li>d) Issuing proceedings for planning prosecutions or injunctions.</li> <li>e) Negotiating and drafting s.106 agreements.</li> <li>f) Advising on applications for certificates of lawfulness.</li> </ul>	Cost £133750 gross (Including £60326 expenditure on external advice and representation). Income £7810 Net cost £125940
Environmental Health <ul style="list-style-type: none"> <li>a) Issuing proceedings for breach of health and safety, breach of food safety regulations, issuing proceedings for breach of legislation relating to hackney carriages and private hire cars and their operators and drivers.</li> <li>b) Attending at and advising meetings of the Development Control and Licensing Committee.</li> <li>c) Providing advocacy services for prosecutions and appeals against decisions of the Development Control and Licensing Committee.</li> </ul>	Cost £10841 including £1041 on external advice and representation
Housing <ul style="list-style-type: none"> <li>a) Preparing and issuing summonses for possession of land.</li> <li>b) In more complex cases (e.g. cases where possession is being sought other than on grounds of rent arrears) preparing Notice of Seeking Possession.</li> <li>c) Appearing at hearings on behalf of the Housing Department               <ul style="list-style-type: none"> <li>a. In straightforward cases where the Housing</li> </ul> </li> </ul>	Cost £35922 gross including £4810 on external advice and representation Income £1775 Net cost £34147

<p>Department do not have resources to cover the hearing</p> <p>b. In more complex cases.</p> <p>d) Issuing proceedings for injunctions and attending hearings or instructing Counsel or external solicitors to act on the authorities behalf.</p> <p>e) Handling sales of Council properties under the Right to Buy scheme.</p> <p>f) Dealing with housing stock transfers.</p> <p>g) Dealing with commercial property transactions.</p> <p>h) Dealing with JCT contracts and other contracts and tenders for Housing related services.</p>	
<p>Offices Services</p> <p>Dealing with contracts and other contracts and tenders for the supply of goods and services to the Council.</p>	<p>Cost £2820</p>
<p>Fraud Unit</p> <p>Issuing summonses for benefit fraud and providing advocacy services for prosecutions.</p>	<p>Cost £14167 (totally expended on external advice and representation) Income £1020 Net cost £13147</p>
<p>Community and Leisure Services</p> <p>a) Issuing summonses for car parking related offences and attending hearings on the authorities behalf.</p> <p>b) Dealing with contract matters relating to the Museum, CCTV and other matters including liasing with external solicitors on the PFI project.</p>	<p>Cost £89808 gross (Including £48267 on external advice and representation) Income £2095 Net cost £87713</p>
<p>Corporate Support</p>	<p>Cost £36608</p>
<p>Democratic Representation and Management</p>	<p>Cost £32710</p>

### Progress to Date

- 8 The Core Group has met on three occasions. The Critical Friend is Mr Keith Hinde CBE, a solicitor who was formerly a partner in and now a consultant to a substantial firm of solicitors.
- 9 The first meeting dealt with the details of the review and approved a work programme. Details of the challenge event were discussed.
- 10 At the second meeting expanded terms of reference for the Internal Audit section of the Review were agreed. Some basic details of costings for Legal Services were supplied along with details of the functions performed by the department (expanded on above). Details of the challenge event were discussed. The event would be divided into three sections. The first would examine Legal Services and Internal Audit. The second session would deal with the role of the monitoring officer. The final session would consider corporate performance. Invitations would be sent to all Members, officers,

solicitors in private practice who dealt with the authority either in conveyancing transactions or as representatives for defendants in criminal or civil proceedings, the local Citizen's Advice Bureaux and representatives of Town and Parish Councils. Whilst invitees would be welcome to attend the whole event it was anticipated that (other than Members who would clearly have an interest in all parts of the review) officers, solicitors and the Citizen's Advice Bureaux would be interested in the first session, the Town and Parish Council's in the second and Members and senior officers only in the third. Each session would take the format of a brief presentation followed by discussion groups working on questionnaires.

- 11 The third meeting considered the details which had arisen from the Challenge Event and subsequent consultation.
- 12 The first session of the challenge event (Internal Audit and Legal Services) was attended by 14 people including three solicitors from private practice. There were two presentations followed by discussions based on a questionnaire. A summary of the responses is at Appendix 1 to this report.
- 13 The second session of the event (Monitoring Services) was attended by 9 people. Again there was a brief presentation followed by discussions based on a questionnaire. A summary of the responses is at Appendix 2 to this report.
- 14 There were not enough members present at the third session (Corporate Performance) for a representative response to the questionnaire to be obtained. The questionnaire was therefore circulated to all members. 10 responses have been received. These are summarised at Appendix 3 to this report.
- 15 The group expressed its disappointment at the lack of member participation in the challenge event.

### **Fundamental and Specific Questions**

- 16 The Terms of Reference pose a number of fundamental and specific questions. Initial views suggest the following:-

Question What is the Council wanting to achieve in the future in relation to these services?

Response

- a) Internal Audit – At present, the Internal Audit section provides a very basic service, commensurate with available resources. However, there are a number of other possible areas of audit activity that could be undertaken. These include, for example, work surrounding best value, corporate governance and support for scrutiny committees. Best Practice Checklists, issued by the professional institutes, along with information from other Essex councils, will be used to develop costed options for further consideration.
- b) Legal Services – An improved service at a lower cost with less reliance on outside lawyers.

- c) Monitoring Services – To provide guidance to members of the Council, Towns and Parishes on issues concerning the Code of Conduct and Member’s interests and to provide information regarding these issues to those considering standing for election.
- d) Corporate Performance – To improve the performance of the Council and generally (within limits) to make resources available for that purpose.

Question Does the Council have a statutory duty to provide all these services?

- Response
- a) Internal Audit - There is a statutory obligation to provide this service.
  - b) Legal Services – There is no statutory requirement for the majority of legal services to be carried out in house.
  - c) Monitoring Services – The Council have a statutory duty to appoint one of its officers as monitoring officer.
  - d) Corporate Performance – the Council has a statutory duty to ensure continuous improvement in its delivery of services.

Question If not, should the Council cease to provide the service and if so what is the likely impact?

- Response
- a) Internal audit – Not applicable. There is a statutory duty to provide this function.
  - b) Legal Services – As a support service the impact of not having an in-house Legal Services Team is that all legal work for the Council and its various departments would need to be outsourced. There would be little or no continuity of advice or service. There would also not be the facility for members and officers to access legal advice instantly on an ad hoc basis as exists at present. This would impinge on the speed of service delivery by client departments as they await advice from outside sources and increase costs. Further unless specialist firms in local authority law were engaged (specialist firms being higher charging) access to specialised advice within the local authority sphere of legal work would be lost.
  - c) Monitoring Services - Not applicable. There is a statutory duty to provide this function.
  - d) Corporate Performance - Not applicable. There is a statutory duty to ensure continuous improvement.

Question If the services are to be continued, are there better alternative ways to deliver the service either in-house, by outsourcing or in partnership?

- Response
- a) Internal Audit - Opportunities exist for alternative methods of service delivery, the most promising of which is partnership. However, other options are being evaluated as part of the review.
  - b) Legal Services – The consensus was that Legal Services are providing a good service. The recharge rate of the senior fee earners was in the region of £50 per hour. It emerged from the challenge event that one local firm is charging its partners at the rate of £140 per hour. Whilst it is recognised that some outsourcing may be inevitable to cover areas where the team lack expertise or do not have the resources to undertake particular task it would seem unlikely that outsourcing all legal

work would provide best value. There may be a case for employing another advocate with a view to reducing current expenditure on external representation. Further work is necessary in this respect. Opportunities of working in partnership with private practice are unlikely to prove viable. The Council is however a member of the Essex Advocacy Partnership. Further work is required to see what value this adds to the service.

c) Monitoring Services – The statutory requirement is to appoint the monitoring officer from the Council's staff. Outsourcing and partnership working are not therefore options for this service.

d) Corporate Performance – There was a degree of support for the development and implementation of the Community Strategy which will involve working in partnership with others.

Question Will the Legal Services Team be able to provide sufficient support to meet the future requirements of client departments?

Response The consensus was that Legal Services is under-staffed. Consequently it is unlikely that the team will be able to meet all of the needs of client departments in-house. Those needs which cannot be met in-house will either go unmet or be outsourced.

Question Is the Legal Services Team the most cost effective means of supplying that support?

Response The comparison of hourly rates made at the Challenge Event along with other data gathered confirms that an in-house service is the most cost effective means of service delivery.

Question Does the Legal Services Team have effective systems and procedures?

Response Currently the Service does not have a case management system which the Head of Service considers essential to effective service delivery and management.

Question Whether Land Charge Services can be improved by alternative methods of collecting information for replying to formal land charge search enquiries?

Response Whilst this may be possible there is a greater risk in alternative methods of information gathering. Further work is required in this area.

Question What opportunities are there for an Internal Audit Partnership to improve service delivery?

Response Detailed discussions are taking place with Stevenage Borough Council about the possibility of establishing a formal audit partnership. It is proposed to report further to Members on this issue in September 2002.

Question What role should the Monitoring Officer provide in future to the Council, the Standards Committee and Town and Parish Councils?

Response Aside from the statutory functions of the post the need for further guidance on member's interest (perhaps in the form of most commonly asked questions and their answers) and information for those considering seeking election to the Council or a Town or Parish Council were identified.

Question How does the Council want to address the requirements of the



- government's modernising agenda e.g. Best Value, corporate performance and community strategy?
- Response General conclusions cannot be drawn from the limited responses received.
- Question How do other similar sized authorities approach the supply of legal and monitoring officer services and corporate support
- Response Visits will be made to other authorities to investigate these issues

### **Further Work to be Done**

- 17 Further responses are to be sought to the Legal Services Questionnaire.
- 18 Officers are seeking further data from colleagues as to current and predicted case loads. This will enable an informed benchmarking exercise to be carried out with other similar authorities.
- 19 Between now and the end of August the benchmarking /compare exercise will be completed. A draft improvement plan and consultation exercise will be prepared by the Core Group in September 2002 and a progress report will be made to this committee on 9<sup>th</sup> October 2002.

### **RECOMMENDED that:-**

- a) The Committee accepts this report
- b) The Committee advises in general what other issues remain to be considered

Background Papers: Best Value Review File (Michael Perry's file)

## APPENDIX 1

The Legal Services Evaluation Questionnaire was in two parts. Questions 1 – 8 requested a numerical evaluation on a scale of 1 – 10, 1 – 3 being classed as poor, 3 – 7 being regarded as adequate and 8 – 10 good. This methodology was adopted to allow scope to record continuous improvement. The remaining questions sought more general comment.

The questions with the responses were as follows:-

Question How do you rate us for speed of service?

Response 80 was scored out of a possible 120. This equates to 67%, towards the upper end of the “adequate” category. Other comments expressed concern over the speed of enforcement action, that “too much was being expected of too few” and from a residential conveyancing solicitor (who awarded 9) that the service is excellent when compared to other authorities.

Question How do you rate us for the accuracy of information supplied?

Response 98 was scored out of a possible 120 – 82%, the lower end of the “good” category. Other comments were generally complimentary although a parish councillor stated that inaccurate information had been given regarding an enforcement matter.

Question How do you rate us on the clarity/quality of information supplied?

Response 90 was scored out of a possible 120. This is 75%, at the top of the “adequate” category. There were some comments that simpler language could be used in imparting information.

Question How do you rate us based upon results achieved?

Response 84 was scored out of a possible 110. This represents 76%, again at the top of the adequate category. On parish councillor commented that he was dissatisfied with the outcome of an enforcement matter. Another person expressed concern at the amount of work being outsourced.

Question How do you rate us for approachability?

Response 101 was scored out of a possible 120. This is 84%, at the lower end of the “good” category. One additional comment was that while we were always available we were not always able to give answers.

Question How do you rate us for quality of communication?

Response 91 was scored out of a possible 120. 76% it at the top of the “good” category. On person made a comment to the effect that the quality of communication was variable.

Question How do you rate us as value for money?

Response 85 was scored out of a possible 100, the lower end of the “good” category. Only one adverse comment was received which appears to relate to the outcome of a particular case rather than the cost.

Question How do you rate the quality of Legal Services overall?

Response 94 was scored out of a possible 120 – 78%, the upper end of the “adequate” category. Only one person expressed dissatisfaction.

Question What do you see as the strengths of the Legal Services Team?

Response Approachable. Local knowledge of area. Knowledge of Local Authority Law. Depth of knowledge. Value for money. Ability to deal with telephone enquiries quickly and efficiently. Flexibility. Consistency in procedures and staff.

Question What do you see as the weaknesses of the Legal Services Team?

- Response Small team. Understaffed. Need to use outside solicitors/barristers. May not always listen to local opinion. Query whether an in-house team can offer real objectivity and whether it is appropriate to prosecute when the Council investigates (an analogy was drawn with the Crown Prosecution Service). Possible need to criticise work colleagues. Too broad a brief for too few staff. Lack of succession in the event of staff movement. Impact of increasing dictats from Central Government. Management of input (prioritisation). Resource constraints.
- Question What improvements do you feel the Legal Services Team could introduce to improve its service delivery to you?
- Response Expansion of department, possibly another member who can take on court work. Listen to early warning signs. Specialists in specific areas of expertise or solicitors dedicated to each service directorate. Parameters set as to what Legal Services should provide rather than "all council services". Clear recharge policy. Local land charge searches to contain information regarding building regulation approvals, applications made and completion notices. Outsourcing systems. Better feedback. More staff.
- Question Are there any other services which could be supplied by the Legal Services Team which would add value to your processes?
- Response More workshops on planning and other issues. More in-house court representation.
- Question Which of the services (if any) provided by the Legal Services Team do you feel could be provided better or cheaper by another source and why?
- Response Passing out services which were not run of the mill would free up officer time for other work. A suggestion that the whole of legal services be put out to tender. No specific activities were identified however.
- Question (For officer comment only) Do you fully understand the basis upon which you are being re-charged for legal services? What further information would you find helpful?
- Response An unbureacratic breakdown of costs.

## APPENDIX 2

The Monitoring Services Questionnaire was in a format that required comment only. The questions with a summary of the responses were as follows:-

Question What do you see as the function of the Monitoring Officer? How do you think he/she may assist your Council?

Response Ensure probity. Handle relevant complaints. Advise on procedure. Provide answers to questions.

Question Have you found the Monitoring Officer helpful in preparing your Council for the Model Code of Conduct and Register of Interests?

Response DTLR guidance was sufficient although information from the DTLR and UDC was late in being forthcoming. Some Parish/Town Councils had found the Monitoring Officer helpful in this regard.

Question What assistance would you like the Monitoring Officer to provide for the future training of members in relation to conduct?

Response Information for prospective candidates. Advice, not training is required as the Essex Association provides training. Some member resentment at the District telling Parish/Town Councils how to run their affairs.

Question What assistance would you like the Monitoring Officer to provide in dealing with questions relating to members interests/gifts and hospitality?

Response List of commonly asked questions and their answers. Advice is generally required at meetings where the Monitoring Officer is not present. Should be available to members and clerks as a backstop.

Question In the event of a complaint concerning the conduct of a member being referred to the Standards Committee by the Standards Board what role would you wish/expect the Monitoring Officer to play in the investigation?

Response None. Should swap with adjoining authorities to ensure independence. As much assistance as possible.

Question What do you see as the function of the Standards Committee? How do you think it may assist you/your council?

Response To advise assist and inform. No idea how it could help. Should be independent. Keep up to date with legislation relating to standards and member's interests.

Question Uttlesford District Council's Standards Committee comprises 4 members of the District Council (1 each from the Conservative, Independent, Liberal Democrat and Labour groups), 2 independent members and 2 members appointed from Town or Parish Councils. In your view is this an appropriate size committee to deal with matters relating to the conduct of Town/Parish Councillors or should such matters be referred to a smaller sub-committee?

Response Smaller and larger parishes face different issues. There should perhaps be a higher proportion of non – District Council members. Sub-committees may make the process unnecessarily long. Let the current procedure of the full Standards Committee dealing with matters run for a while and then have a review.

### APPENDIX 3

The questionnaire for Corporate Performance requested a response to a number of statements by indicating whether the responder strongly disagreed, disagreed, neither agreed nor disagreed, agreed or strongly agreed with the statement.

Members responses are summarised below:-

Statement	The Council should have co-ordinated systems for monitoring performance date.
Response	1 member strongly agreed, 7 members agreed, 1 member neither agreed nor disagreed and 1 member disagreed. Other comments were; "All organisations produce too much data. What are we intending to use this data for?"; "Much time and effort can be wasted if co-ordination is lacking".
Statement	The Council should encourage a performance management culture.
Response	3 members strongly agreed, 5 members agreed and 2 members neither agreed nor disagreed. There were no additional comments.
Statement	The Council should encourage improved co-ordination and development of expertise in procurement.
Response	3 members strongly agreed, 6 members agreed and 1 member neither agreed nor disagreed. An additional comment was "I hope this is already being done on a continuous basis". At the challenge event a member suggested investigating the implications of recruiting a procurement officer.
Statement	The Council should be committed to the development and implementation of the Community Strategy.
Response	7 members agreed, three members neither agreed nor disagreed. Additional comments were; "I do not yet understand what benefits the Community Strategy is to bring to the Council and our Council Tax Payers. If these benefits are slight we should spend no more effort than Government requirements compel us to"; "Provided the strategy is not too ambitious and is limited to objectives that apply to all residents in the District – not just those of the pressure groups".
Statement	The Council needs to improve the links between the Council's priorities, service plans and budgets.
Response	2 members strongly agreed, 6 members agreed and 2 members neither agreed nor disagreed. There were no additional comments to the returned questionnaires but at the challenge event one member supported priority budgeting.
Statement	Councillors need to take a leading role in best value reviews and ensure that the reviews drive improvements in service delivery.
Response	3 members strongly agreed, 6 members agreed and 1 member neither agreed nor disagreed. Additional comments were; "At the planning stage with a view to making changes. I do not think that our best value reviews seek to change anything"; "I consider some aspects of best value to be a waste of time".
Statement	The Council should extend Investors in People to the whole Council
Response	5 members agreed, 4 members neither agreed nor disagreed, 1 member disagreed. Additional comments were; "I am not adequately familiar with Investors in people but mistrust any initiative with an

emotive title of that kind”.” Overrated”.

Question The Council should commit sufficient resources to enable the above objectives to be achieved.

Response 1 member strongly agreed,6 members agreed, 2 members neither agreed nor disagreed, 1 member disagreed. Other comments were; “I believe that we do quite well as we are and that committing further resources to this is not producing one item of service for the public ratepayers of Uttlesford”; “But within the principles of Best Value”, “Within strict financial limits. I would not regard this as a top priority item for funding”. In addition one member wrote saying the authority ought to adapt to changing requirements within its current resources.

**Committee:** Scrutiny 2 - Resources and Environment -  
**Date:** 3 July 2002  
**Agenda Item No:** 6(ii)  
**Title:** Best Value Review of Street Cleansing – Progress Report  
**Author:** Peter Dickson (01799) 510597  
**Members:** Councillors R. Green (Chairman), D. Gregory and J. Ketteridge

### **Summary**

- 1 This report outlines the current position with regard to the Best Value Review of street cleansing services and recommends that this Committee note the progress made and makes any appropriate comments.

### **The Services and their Costs**

- 2 Under a contract with Contract Services, street cleansing includes:
  - a. Litter from pavements, roads and grass verges – manual cleansing
  - b. Dirt and debris from roads – mechanical sweeping
  - c. Emptying of litter and dog waste bins
  - d. Clearing of lay-bys
  - e. Fly tipping – investigation and clearance
  - f. Collection of abandoned vehicles
  - g. Free of charge home collection service for end of life vehicles
- 3 The total cost of street cleansing services in 2001/02 was £450,325.
- 4 Income generated by street cleansing services in 2001/02 was £11,540

### **Progress to Date**

- 5 The member reference group has met on three occasions, with officers having one additional meeting.
- 6 Service profiles have been outlined and, while there is undoubted support for contract services, there appears to be some concern emanating from the group over the frequency of duties and lack of work schedules.
- 7 Three challenge events were held at different times on Thursday 6 and Tuesday 11 June. District Councillors, Parish Councils, school head teachers and PTA representatives, Chambers of Trade and Commerce and Uttlesford District Council officers were invited.

- 8 Attendance was disappointing, with a total of only 9, although some Members were also representing the views of their Parish Councils. All who attended, however, contributed extremely positively to the issues and raised many helpful points during lengthy discussions. At the end of each session, attendees were asked to fill in a pre-prepared questionnaire (Attached as Appendix 1).
- 9 Issues raised through discussion and the questionnaire returns are summarised as:
- a. The standards set out in the Contract Specification were felt to be appropriate in terms of zoning and frequencies.
  - b. The standard of cleansing in the Towns is perceived to be good, while there is some concern over the quality and frequency of cleansing in car parks, residential areas and verges of the main roads.
  - c. A comprehensive schedule for sweeping/litter picking/bin emptying should be produced so that residents and parish councils can be informed of their last and next scheduled sweep.
  - d. With regard to pricing for future contracts, competitive tendering is perceived to give best value. A unanimous opinion is that extra costs are inevitable and should be supported to both enhance current standards and deal with district growth.
  - e. Town/Parish Councils should be informed of the services they are entitled to receive and support should be given to “spring cleans” etc. organised by them.
  - f. Schools should be encouraged to hold awareness raising events such as sponsored litter picks.
  - g. Educational and promotional events for primary schools, such as those stopped around 8 years ago should be investigated.
  - h. Complimentary environmental services provided by this Council (such as free special collections and the village civic amenity service) were fully endorsed and appreciated.

### **Fundamental and Specific Questions**

- 10 The terms of reference, as approved by this Committee, ask a number of fundamental and specific questions. Initial views of the Review Group are as follows:

Question: Does the Council have a statutory duty to provide these services?

Response: Yes.

Question: Are the services meeting the required standards?

Response: Predominantly yes in town centres, but not so well in residential and rural areas.

Question: What contractual arrangements are appropriate to meet future requirements?



Response: The general feeling is that the contractual arrangements are satisfactory, along with an acknowledgement that costs will inevitably rise.

Question: What standards are appropriate?

Response: The standards laid out in the 1990 Code of Practice on which the contract is based are perceived to be appropriate.

Question: How should any improvement in standards be addressed?

Response: Any additional costs must be weighed up against their marginal benefits.

Question: How can services be better controlled/documentated/audited?

Response: There has been a lack of information, schedules and often resources from the DSO and these are to be remedied from 1 August 2002.

Question: Is the client/contractor split necessary or desirable?

Response: Yes, because the client function is generic over a range of environmental services and achieves operational cost benefits.

Question: Can the service react to seven-day trading conditions or other requirements?

Response: Cleansing is carried out in Saffron Walden seven days a week. The perception is that this works reasonably well at the present time.

Question: Can the procedures and response to abandoned cars and fly tipping be improved?

Response: Uttlesford does not suffer greatly from these issues. The new legislation for abandoned vehicles allowing removal after 24 hours should improve response times.

Question: Can parts of the service be better delivered by others?

Response: To fragmentize the service would over-complicate the service. Many Parish Councils do, however, employ their own litter pickers and partnership arrangements will be investigated.

### **Further Work to be Done**

- 11 Now that positive information has been collated and summarised from the challenge events, the next stage for the officer sub-group is to obtain information from other authorities for the "Compare" part of the review.
- 12 The authorities that will be surveyed are other Essex authorities that have recently been appraised by the Best Value Inspectorate. These are Braintree and Maldon District Councils and Chelmsford Borough Council.
- 13 Maldon's information should be particularly informative as they received a "good and likely to improve" rating.

- 14 Braintree and Chelmsford should provide positive comparison information as they both have in-house contractors providing street cleansing services.
- 15 Once the comparison exercise is complete, the Review Group will be in a strong position to prepare a draft improvement plan. The full Member Reference Group will carefully consider this plan.

**Timescales**

- 16 Compare work to be completed by September 2002.
- 17 Draft Improvement Plan, having been reviewed by the Member Reference Group, will be finalised by October 2002.

RECOMMENDED that the Committee accepts the report and indicates what else needs to be considered within the specific scope of this review.

Background Papers: BVPP 2002/03  
Completed questionnaires from Challenge Events  
Member Reference Group meeting notes

**Committee:** Scrutiny 2  
**Date:** 3 July 2002  
**Agenda Item No:** 6(iii)  
**Title:** Best Value Review 2002/03 – Planning Services  
**Author:** Maggie Cox (01799) 510369

### **Summary**

- 1 At the meeting of the Environment and Transport Committee on 11 June 2000, it was resolved to extend the completion date of the Best Value review of Planning services from December 2002 to July to 2003
- 2 This was due to high workload & severe staffing shortage in the Planning Department.
- 3 A full copy of the report is attached to this report.

FOR INFORMATION

**Committee:** Environment and Transport  
**Date:** 11 June 2002  
**Agenda Item No:** 6  
**Title:** Best Value Review of Planning Services  
**Author:** John Mitchell (01799) 510450

### **Summary**

- 1 The terms of reference of the Best Value Review of Planning Services was agreed by Scrutiny 2 Committee at its meeting of 27 March, as endorsed by this Committee at its last meeting. The Review Team has met twice. The Review is taking place in a year in which the Planning Service is progressing, the Local Plan Review, the Stansted Airport planning application, the possible move to Saffron Walden, the applications for major housing sites, the Bridge End Gardens project and the normally high workload of planning applications. It is, however, significant and unforeseen staffing difficulties which have recently occurred, combined with the high workload, which suggests to Officers that current work needs to be prioritised. Officers consider that efforts need to be concentrated on core service delivery matters if customer demands are to be met.
- 2 Of the main issues affecting the Service the only one where there is any flexibility of choice over timing is the formal Best Value Review. All the other work areas listed above are dictated by imperatives which are for the most part outside the control of the Council or Planning staff. The Council does however have a choice over the timing of the Best Value Review. While Officers consider it important that the review takes place, it will have a significant impact on staff time and resources at a time when these are stretched. Officers and Members of the Planning Best Value Review Team have discussed this and agreed that postponement of the Review should take place in these exceptional circumstances.
- 3 The Review team will continue to meet every two months and no opportunities will be missed to continue with improvements. Essentially the formal Review will be on hold while the staffing situation in Planning is resolved, or at least eased, and this is anticipated to be for a minimum of 6 months. In the meantime it is considered that the best use of staff resources would be to concentrate on the delivery of our core service business.

RECOMMENDED that the completion date of the formal Best Value Review of Planning Services be extended from December 2002 to July 2003, and that the Scrutiny 2 and Development Control and Licensing Committees be advised accordingly.

Background Papers: Best Value Review terms of Reference, E&T  
Committee, 19 March 2002.

**Committee:** Resources Committee  
**Date:** 20 June 2002  
**Agenda Item No:** 7  
**Title:** Budget Update and Strategy  
**Author:** John Dickson (01799) 510300  
Michael Dellow (01799) 510310

### Summary

- 1 This report outlines a recommended strategy for preparing and setting the Council's budgets for 2003-2004 and future years in line with its priorities updated as required. It has been prepared against the background of a changing framework of central government support for local authorities and continuing pressure on Uttlesford's revenue reserves.
- 2 The report has two main sections. The first sets out updated budget related information and projections. These include provisional outturn information for 2001-2002 and early monitoring information for 2002-2003. The second section covers the proposed process and timetable for reviewing priorities, agreeing targets and preparing budgets for 2003-2004.

## SECTION 1 – UPDATED BACKGROUND INFORMATION

### Background

- 3 When the Council approved its 2002-2003 budget on 12 February 2002, projections were prepared for 2003-2004 and the following year. These were published in the Budget Book and are reproduced here as Appendix BS05. Some of the key assumptions for 2003-2004 were as follows:
  - a) The target increase in the Uttlesford element of Council Tax for 2003-2004 was shown at about 2.5% assuming an increase in central government support of 2.34%, similar to 2002-2003.
  - b) Reserve cover of £210,000 would no longer be required for the £260,000 list of savings identified during last year's process but not expected to materialise fully until 2003-2004.
  - c) Apart from the remaining £50,000 to cover deferred savings, the use of General Fund reserves in 2003/2004 would be restricted to £75,000 for the District Plan Inquiry, £16,000 for statutory Best Value surveys and £47,000 for the Council's elections in May 2003.
  - d) Additional net savings of £200,000 would need to be identified for 2003-2004 onwards to achieve these target levels of Council Tax increase and reserve usage.

## **Provisional Outturn Information 2001-2002**

- 4 Although good progress is being made to accelerate the final accounts closing timetable this year, a few weeks work still remains to be done. Nevertheless, a reasonably clear picture for 2001-2002 is beginning to emerge. Significant aspects are outlined below. A further verbal update, if necessary, will be given at the meeting.
- 5 Subject to final checking, the General Fund now appears overall to have been held much closer to the original budget for 2001-2002 than the Revised Estimates indicated when they were prepared in the Autumn, i.e. the need to draw on revenue reserves will no longer be as high as expected. The main reasons for this are:
- Action taken to scrutinise all vacancies and temporarily freeze some posts helped to keep overall employee costs down by about £70,000;
  - Fee income, particularly in demand-driven areas such as Building Control, Planning applications and Land Charges turned out to be more buoyant and more than £100,000 higher overall than expected when Revised Estimates were prepared;
  - Interest receipts also appear likely to bring in about £100,000 extra for last year. The average interest rate received for the year at 5.26% was slightly higher than the 5.11% projected but explains only the smaller part of the difference in earnings. The remainder is thus due to more advantageous cash flows than expected. The contributing factors will become clearer when the balance sheet is prepared.
  - Although there were a number of variations elsewhere, overall the effect of these appears largely neutral at this stage. However, of particular note is the effect of the new accounting treatment now required for depreciation on Council owned premises, details of which are given below.
- 6 In summary, the provisional information suggests that the Council's revenue reserves will be in a healthier position than previously estimated and also that the original budget for 2001-2002 was well on the way towards the level needed for longer term sustainability.

### **Depreciation and Planned Maintenance of Premises**

- 7 It has been this Council's normal practice not to make capital charges for depreciation on the basis that a planned maintenance programme was in place designed to maintain its premises in good condition. Changed accounting requirements no longer allow this as a valid option - depreciation must now be charged.
- 8 As a result, to avoid services being double-charged with both depreciation and the costs of re-instatement, it is necessary now to treat planned maintenance costs as capital expenditure. This new requirement has been applied in respect of the accounts for 2001-2002 with total planned maintenance of about £80,000 being treated as capital, funded by means of an equivalent revenue contribution to capital outlay.

- 9 Although neutral in its effect for last year, this change in accounting treatment has real, potential implications for current and future budget projections:
- Planned Maintenance for Council owned premises will in future form part of the Capital Programme;
  - General Fund Committee base revenue budgets will reduce by about £103,000 at Committee service level;
  - Committee base budgets will be more stable year on year being no longer subject to the ups and downs of the planned maintenance programme;
  - The Director of Resources will recommend how this additional, future capital expenditure should be funded later in the budget process.
- 10 The impact on the General Fund budget will depend on the extent to which this expenditure is funded from the ongoing revenue stream (Council Tax), or from either revenue or capital reserves. The guidelines for such decisions are expected to be covered by a new Prudential Framework still in the course of development by CIPFA. The options actually available to the Council, therefore, remain uncertain at present. Until clarification is received, it is probably best to assume a neutral position. Members will be kept informed of developments.

### **Budget Monitoring 2002-2003**

- 11 There have been two important developments since budgets were approved in February.
- Approved changes to Members' Allowances are estimated to have a full year cost of about £50,000, with a proportionate effect in this year.
  - Increases to Employer's National Insurance will cost the General Fund about an extra £50,000 from 2003-2004 onwards.
- 12 At just over two months into the financial year there is otherwise little in the way of firm information to report. However, the following are worth noting:
- Problems with certain lettings at the Industrial Estate make it likely that there will be a shortfall of income again this year;
  - Current indications are that demand driven income remains buoyant and could exceed budgeted expectations;
  - The position on this year's pay award remains uncertain;
  - A number of supplementary estimates have already been requested which require funding from revenue reserves;
  - Further reductions in interest rates are now looking increasingly unlikely.
- 13 Budget projections for 2003-2004 took into account a number of savings targets totalling £260,000 which would require ongoing work during 2002-2003 to achieve. It was identified that it would be necessary to closely monitor the progress of this work to ensure that projections were kept up-to-date and realistic. Appendix BS02 presents the first report of progress as at the end of May 2002.



- 14 This shows that there will be continuing increased annual costs from the Housing Needs Survey of £5,000. Apart from that, there is no firm reason yet to modify the deferred savings projections. However, difficult projects remain difficult and uncertainty does of course remain for those items where work is still continuing.

## **SECTION 2 – BUDGET PRIORITIES AND STRATEGY FOR 2003-2004**

### **The Updated Base Position**

- 15 In broad, overall terms there is currently little to add to paragraph 3 above except for the known impact of changes for Employer's National Insurance, the Housing Needs Survey and Members' Allowances, about £105,000 additional expenditure in total for the General Fund. This now means that additional net savings of about £305,000 will need to be identified for 2003-2004 to achieve a 2.5% target level of Council Tax increase.
- 16 Appendix BS01 provides an analysis of each Committee's services costs as presented in the Budget Book for 2002-2003. Before these figures can be used in earnest to extrapolate 2003-2004 direct cost base budgets and targets at Committee level, a number of adjustments are required for the following known factors:
- Identified £50,000 additional costs of Members' Allowances
  - Identified £50,000 additional costs of Employer's National Insurance
  - £103,000 of reductions in respect of the Planned Maintenance Programme
  - Allocations of the £310,000 allowed for inflation in 2003-2004
  - £210,000 of savings deferred until 2003-2004
  - Other previously projected variations for 2003-2004
  - Changes in the pattern of use of earmarked revenue reserves
  - Clarified Committee responsibilities for Bridge End Gardens
- 17 Updated Committee base figures for 2003-2004 are shown in the upper half of the table attached at Appendix BS04.

### **Reviewing the Council's Priorities**

- 18 Last year, for the first time under the new political management framework, a set of priorities for resource usage was proposed and subsequently adopted by the Council. These were then used successfully to help determine budget targets for Committees and to direct the future pattern of work within the Council. A table monitoring current progress against these priorities has been prepared by the Chief Executive and is presented at Appendix BS03.
- 19 The time has now come round for these priorities to be reviewed and updated as necessary to remove from the list any that have now been achieved and to reflect any changes that Members may require, one year on, to the pattern of the Council's resource usage and to help determine 2003-2004 budget targets for Committees. Members are requested to confirm the arrangements for the process this year.

## Target Setting

- 20 Appendix BS04 updates the General Fund base budget projections referred to at paragraph 3 above. It takes into account all the developments outlined above and is based on a District Council Requirement of £6.888 million as originally projected in February. There is, of course, no guarantee that this will turn out to be equivalent to a 2.5% Council Tax increase, being subject to the level of central government support which is outside of this Council's direct control. Central support details are not normally confirmed until January. For practical purposes, therefore, the District Council Requirement is the default working target which has to be used at this stage of budget preparation. Members are now requested to confirm this as the starting point for setting 2003-2004 budget targets for individual Committees.
- 21 As indicated earlier, confirming this target implies that net savings of £305,000 have to be found. It is also worth noting that this is very similar to the amount built into the projections for inflation.
- 22 Experience bears out that identifying this level of net savings is a process that will require an input from both Members and officers. Officers are in a position to indicate where efficiency savings may now have become available to take and, because of market and regulatory constraints, their advice is required when recommending possible increases to fees and charges for services. Of themselves, however, budget reductions from these two sources are very unlikely to total £305,000, let alone pay for any new service provision. As a guide, increased income last year totalled £147,000 and identified efficiencies £115,000, out of total identified savings of £687,000.
- 23 By definition, officers are committed to providing and improving on existing approved levels of service as reflected in the base budgets. Members alone are in a position to determine their priorities so as to increase or decrease the resources allocated to particular services, especially where the effect is across Committees. A clear steer in the form of Committee budget targets reflecting updated priorities is needed again this year for the budget process.

RECOMMENDED that, to initiate the 2003-2004 budget making process, this Committee confirms:

- a) that a District Council Requirement of £6.888 million should continue to be used as the working target for budget projection purposes, equivalent to a Council Tax increase of about 2.5% based on current tax-base and central support assumptions;
- b) the preferred process for reviewing and updating as required the current list of priorities, for approval by Council on 16 July 2002, or as soon as possible thereafter;
- c) the subsequent process to prepare for each Committee budget target proposals reflecting the updated list of priorities, by mid-August, for consideration by Committees during the September cycle of meetings and approval by Council on 16 September 2002;

- d) that officers should provide support for this process by feeding back to Members, by the end of July 2002, opportunities they have identified for reducing budgets by increasing income or from efficiencies within their control.

Background Papers: "Revenue Estimates and Committee Budgets and Capital Programme 2002/2003"





## **COUNCIL POLICY PRIORITIES FOR 2002/2003**

- ❖ To make the new streamlined committee system efficient, effective and customer friendly
- ❖ Aim to keep the Council Tax to inflation or as low as possible
- ❖ Examine activities and areas of expenditure which could be transferred to Town or Parish Councils
- ❖ Rigorously scrutinise all appointments of replacement staff
- ❖ Encourage more partnership working with other local authorities and the private sector
- ❖ Complete the PFI leisure schemes in Gt. Dunmow, Stansted and Saffron Walden as soon as practical
- ❖ Review the Councils Arts Development and Youth Sports programmes
- ❖ Look at the Community Safety function with a view to increasing funding from outside partners thus reducing the cost to the Council
- ❖ Set reduced targets in all four policy committees and the consequent effect that would have on the services
- ❖ Press for 20, 30, 40 and 50 mph speed limits where traffic management and safety justify them
- ❖ To pursue the Council policy on Stansted Airport in cooperation with neighbouring authorities
- ❖ Complete and adopt the draft Local Plan
- ❖ Extend recycling in a cost effective manner
- ❖ Encourage sales of Council houses
- ❖ Enable more affordable housing
- ❖ Pursue sponsorship opportunities
- ❖ Prepare a Community Strategy to the advantage of the residents of Uttlesford
- ❖ Make sure Best Value works so that financial gains come out of the reviews
- ❖ Seek to transfer the Planning Department to Saffron Walden, lease or sell the Dunmow site but provide a CIC in Dunmow to the highest standard in partnership with the Police and any other interested organisations
- ❖ Press Essex County Council for more funding for the locally determined Budget in Highways

**Committee:**                **Scrutiny 2**  
**Date:**                      **3 July 2002**  
**Agenda Item No:**        **10**  
**Title:**                      **Local Strategic Partnership – referred by Cllr G W Powers**  
**Author:**                    **Maggie Cox (01799) 510369**

### **Summary**

- 1 This report addresses questions put by Councillor G W Powers in relation to the Local Strategic Partnership.

### **Background**

Councillor G W Powers has asked for a progress report on the Local Strategic Partnership, as there has been no update to Members since the conference held in November, In particular he would like answers to the following question.

How is the Membership of the Local Strategic Partnership decided .....

Who are the Members of the Local Strategic Partnership accountable to?

How does the partnership decide its strategies?

How are differing views accommodated?

How are elected members (MP's, county, district & town/ Parish Councillors) involved?

How are citizens/residents involved?

Background Papers: