

Minutes of a meeting of the **Corporate Governance and Audit Committee** held in Committee Room One, East Pallant House, Chichester, on Thursday, 28 June 2012 at 9.30 a.m.

## **Members (10)**

Mr J L Cherry (Chairman)  
Mr A J French (Vice-Chairman)

Mrs C M M Apel	Mr G H Hicks
Mr M Bell	Mr G V McAra
Mr T Dignum	Mr R Marshall
Mrs P A Hardwick	Mrs P M Tull

Present (10)

### **Officers Present**

Mr P E Over, Executive Director of Support Services and the Economy  
Mr J Ward, District Treasurer  
Mr P Coleman, Member Services Manager

### **Officers Present for Specific Items Only**

Ms B Bayliss, Planning Obligations Monitoring & Implementation Officer  
Mr R Clark, Parking Services Manager  
Mr K Garraway, Assistant Director Economy  
Mr D Hyland, Senior Community Engagement Officer  
Mr S James, Principal Auditor  
Mrs B Jones, Principal Scrutiny Officer  
Mr S Kane, Head of Policy  
Ms L Le Vay, Design and Implementation Manager  
Ms S Peyman, Sport & Leisure Development Manager  
Mrs Y Thomson, Assistant Director Housing and Planning Policy

## **63. Minutes**

### **RESOLVED**

That the Minutes of the meeting held on 22 March 2012 be signed as a correct record.

## **64. Urgent Items**

There were no urgent items for consideration at this meeting.

## **65. Declarations of Interest**

No interests were declared at this meeting.

## **66. Public Question Time**

No public questions had been submitted.

## **67. Internal Audit Report, Audit Plan, Audit Plan Progress and Outstanding Recommendations** **Internal Audit Reports: Car Parks and Debt Recovery**

The Committee considered the report circulated with the agenda and the audit reports on car parks and debt recovery (copy attached to the official Minutes).

Mr James introduced the audit report on car parks, explaining that the audit had revealed concerns that the service was not following council procedures and had, in consequence, made eight recommendations to improve procedures and monitoring of income. He confirmed that the audit had revealed no evidence of misappropriation of income.

In answer to questions, Mr James explained that the Car Park Service had generated an income of £4.1m as at February 2012. The majority came from the District Council's Pay and Display car parks, with the remainder from permits, season tickets and parking enforcement. Mr Garraway added that the Service made a net gain of £2m which was used to hold down Council Tax. Mr Bell asked what element of the income related to on-street parking and was due to West Sussex County Council (WSSC). Mr Clark agreed to circulate a breakdown of income with the minutes (*see Car Parks Performance Management report*).

Mr Dignum congratulated Internal Audit on the report, which had revealed serious weaknesses. He expressed particular concern about the large amount of outstanding debt over 181 days old. He sought an assurance that the audit recommendations had been implemented.

Mr Garraway replied that a considerable proportion of the outstanding debt was due from WSSC and had now been paid. Recommendations 3.6, 3.9/3.13/3.14, 3.10/3.11 and 3.12/3.15 had been implemented. Recommendation 3.7/3.8 involved use of four different software packages and there was still a technical issue to resolve on how the Contact Centre entered data.

Mr Marshall suggested that an income stream worth £4.1m required monthly monitoring and reconciliation to budget. Mr Ward confirmed that all service managers received monthly budget monitoring statements; the main problem with car parking was production of a monthly report on payments to WSSC.

The Chairman asked what proportion of income came from penalty notices. Mr Over replied that this was a tiny proportion of the total. The vast majority of income came from payments for off-street car parking. For this reason, whenever off-street car park charges were re-considered, the Car Parking Forum was convened, comparisons were made with neighbouring centres to ensure competitiveness, and the impact on the community was carefully considered.

Mr James then introduced the Audit Report on Debt Recovery. Mr Dignum had asked for the report to be referred to the Committee because he felt it necessary to ask why debt collection was decentralised to services, rather than made the responsibility of a specialised team.

Mr Dignum asked what the main services were that had debts in the 181-360 days category. Mr James agreed to circulate a broad categorisation to members of the committee.

Mr Ward explained that the Legal Services and Revenues Recovery Team staff had been brought together into a single debt recovery team. In future managers would receive a monthly report on invoices not paid, and debt recovery would be pursued by the central team unless the service manager intervened. Service managers often knew the circumstances relating to a particular debt.

Mr James felt that there were signs of improvement in debt recovery and offered to review and report again in six months' time.

Mr James referred to the failure to collect building control fees, which had been reported to previous meetings. This had been due to a failure to issue invoices on time, not a failure of debt recovery. £153,000 income had now been recovered from £223,000 invoiced.

Mr James then introduced the audit plan progress report. Mr French suggested that the Committee should have better information about the scope of audit studies. Mr James explained that the scope of an audit was discussed with the service manager and agreed with the District Treasurer. Auditors were free to follow up issues that were outside the original scope if they found matters of concern.

It was agreed that when the scope of an audit had been agreed, this should be posted for members' information on the Members' Bulletin Board.

#### **RESOLVED**

- (1) That the audit reports on car parks and debt recovery be noted and that Internal Audit be asked to report back on implementation in due course.
- (2) That the audit plan progress report be noted.
- (3) That members be informed of the agreed scope of audits before any testing is undertaken.

#### **68. Partnerships Report 2012**

The Committee considered the report circulated with the agenda (copy attached to the official Minutes). Mr Coleman reminded the Committee of their decision at the previous meeting to hold an informal meeting where members could discuss the report more fully, focussing on partnerships which have high levels of District Council investment or are designated high risk (minute 52). Following consultation with members of the committee, the Chairman had proposed three partnerships for detailed examination.

Mr McAra referred to other bodies, such as the Chichester Festival Theatre and the Pallant House Gallery, which he felt were more worthy of examination. Mr Kane pointed out that these were not, strictly, partnerships but separate organisations to which the Council gave grants. These bodies reported annually to, and were questioned by, the Overview and Scrutiny Committee.

The Chairman, Mr Hicks, Mr McAra and Mrs Tull indicated that they would be available for the informal meeting on 23 July 2012

#### **RESOLVED**

(1) That the following partnerships be examined in detail at the proposed informal meeting of the Committee:

Healthier Chichester  
West Sussex Waste Partnership  
Better Together

(2) That the informal meeting of the Committee for this purpose be held on 23 July 2012

#### **69. Project Management Review**

The Committee considered the report and appendices circulated with the agenda (copy attached to the official Minutes). Mr Kane introduced the report, explaining that the opportunity had been taken to review formal guidance issued in 2005. He described the proposals for improving project management (paragraph 5). He drew particular attention to the raising of the threshold for a full Project Initiation Document (PiD) from £25,000 to £50,000, to the arrangements for management of projects between these thresholds, and to the suggestion that the Leader should allocate to one Cabinet Member overall responsibility for Performance Management and Project Management. He also suggested that the reporting arrangements proposed in paragraph 5.8 should be amended so that the Business Routeing Panel made decisions on member and committee involvement before a full PiD was produced.

Mrs Hardwick asked what was taken into account in estimating whether a project exceeded the £50,000 in value threshold, as she felt that cash costs were an unsophisticated way of determining thresholds. Mr Kane replied that the value threshold did relate to the estimated cost of the project in cash terms, but explained, by reference to Appendix 1, that the requirement for significant resources from support services would be taken into account in categorising projects. In answer to a question Mr Kane added that the Council had two or three projects which exceeded £100,000 in value and about ten that exceeded £50,000.

#### **RECOMMENDED TO CABINET**

That, subject to the amendment of the place of the Business Routeing Panel in the reporting arrangements, the proposals in paragraph 5 for improvements in the project management process be approved.

#### **70. Overview & Scrutiny Committee Annual Report 2011-2012**

The Committee considered the report circulated with the agenda (copy attached to the official Minutes). Mrs Apel introduced the report, stating that the Overview and Scrutiny Committee (O&SC) and its Task and Finish Groups (TFGs) had covered a lot of good work during the past year, and she answered members' questions.

Mr French noted that no Cabinet decisions had been called in and asked if the Council was unique in this respect. Mrs Apel replied that one call-in proposal had been made

and retracted. Mr Mildred explained that this Council was not unique in having few or no call-ins.

Mr Dignum commended the innovations referred to in page 1 of the O&SC's report, but felt that the Committee's agenda was very crowded and questioned whether there was sufficient time for effective scrutiny. He suggested the O&SC might focus more on issues within the Council's remit, rather than scrutiny of external bodies. However, Mrs Apel explained that these external bodies had a major impact on communities within the district. Mr Bell pointed out that scrutiny should not rely solely on what took place at meetings but should be followed up between meetings.

Mr Marshall referred to the Budget TFG, and enquired whether the Corporate Governance and Audit Committee (CGAC) could play a part in scrutinising the budget. He pointed out that CGAC examined the audited Statement of Accounts, but it might be beneficial if CGAC examined the budget at an earlier stage. Mrs Jones pointed out that membership of TFGs was not limited to members of the O&SC.

#### **RESOLVED**

- (1) That the Overview & Scrutiny Committee Annual Report 2011-2012 be commended to the Council for approval.
- (2) That the Chairman and the Chairman of the Overview & Scrutiny Committee confer and agree a way forward in respect of the Budget Task and Finish Group whereby members of both committees jointly scrutinise the budget.

#### **71. Section 106 Monitoring Annual Report**

The Committee considered the report and appendices circulated with the agenda (copy attached to the official Minutes). Ms Le Vay introduced Ms Bayliss, who had replaced Ms Cunningham as Planning Obligations Monitoring & Implementation Officer. She explained that the report dealt with new agreements entered into in 2011/12, payments received in 2011/12, use of receipts, and receipts nearing their expenditure target date.

Mr McAra enquired about planning obligations in the South Downs National Park. Ms Le Vay explained that the National Park Authority (SDNPA) was using a different system for monitoring and reporting on its agreements. Where the Council determined a planning application, for the SDNPA under the agency agreement, it negotiated the planning obligations on behalf of the SDNPA and monitored compliance. However, where the SDNPA regarded an application as so significant that it should determine it itself, then the SDNPA would negotiate the terms of any planning agreement and monitor them. These larger significant applications were most likely to generate the need for a S.106 Agreement. The SDNPA currently relied on the Council's Supplementary Planning Guidance to negotiate agreements, but would be developing its own charging regime. The Chairman felt that this situation was not satisfactory and asked that an officer of the SDNPA be invited to a future meeting to discuss it.

Mr Bell asked whether the £105,000 committed to fund an in-house lettings service (paragraph 6.4.1) was sufficient and whether it was expected that the service would become self-funding. Mrs Thomson explained that the in-house agency already had 11 properties and was expected to be self-sustaining in three years.

Mrs Hardwick asked that future reports should reflect planning obligations of all types, including non-pecuniary obligations. It was important that non-pecuniary obligations were recorded, monitored and followed up. Ms Le Vay confirmed that non-pecuniary obligations were recorded in the database and she would consider how they could be reflected in the summaries.

Mr French asked whether community facilities could be provided in Chichester City, which acted as a centre for surrounding communities, rather than being limited to the area of the development (paragraph 6.4.3). Mr Hyland explained that most agreements stated that the developer's contribution had to be spent in a defined community. This was because the intention was that the facilities were being provided to be used by the residents of the new development. A picture of community needs had been built through contacts with parish councils, and formed a basis for negotiation with developers of contributions to community facilities. But it could take years for small communities to accumulate sufficient funds to provide facilities. Mr French's suggestion was reasonable, but would depend on the terms of individual agreements.

Mr Dignum drew attention to the remaining balance of £782,527 commuted payments for affordable housing (paragraph 6.4.1 and Appendix 3.1) and enquired how this was to be used. Mrs Thomson stated that it was prudent always to seek grant funding for affordable housing before calling on commuted payments.

Mr Marshall asked for information about contributions nearing their expenditure target date (Appendix 4).

In reply, Ms Le Vay explained that in relation to affordable housing, the position was as explained in paragraph 6.4.1 of the report, that the contribution formerly committed to Hay Road, Chichester, was now committed to units at The Kestrels, Oving.

Mr Hyland confirmed that the community facilities contribution at Bosham had been earmarked for a specific project which had now been carried out by the parish council, but some outstanding issues remained to be resolved.

Mr Over stated that the CCTV contribution would be spent on provision of new parking spaces at East Pallant House car park following demolition of the public conveniences. Quotations for this work had been received and contractors would be appointed in the next few days.

Ms Peyman reported that proposed improvements of Priory Park would require the use of a number of S. 106 receipts. The contribution from the Farris Field, Swanfield Drive development for a bus shelter had been required by West Sussex County Council but paid to the District Council to implement. As yet, no suitable location for a bus shelter had been found and the need for a shelter would be re-considered.

## **RESOLVED**

- (1) That the report be noted.
- (2) That the officers be thanked for the improvements that have been made in monitoring and reporting on Section 106 agreements.
- (3) That the officers be asked to consider how the reports can additionally cover non-pecuniary obligations and to report back.

## 72. Carry Forward Requests

The Committee considered the report circulated with the agenda (copy attached to the official Minutes). Mr Ward reminded the Committee that they had already recommended to Cabinet a number of carry forward requests (minute 61). The further requests now set out in the Appendix to the report had been vetted by the Chief Executive and himself.

In response to a question, it was explained that the unspent budget for obtaining sponsorship of roundabouts related only to the roundabouts on the A27, which were the responsibility of the Highways Agency, and not to roundabouts that were the responsibility of West Sussex County Council.

### **RECOMMENDED TO CABINET**

That the additional requests totalling £127,800 for budgets to be carried forward in 2012-13 be approved.

(Note: The meeting closed at 11.55 p.m.)

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(Chairman)

Date: \_\_\_\_\_