

BABERGH DISTRICT COUNCIL

FROM: Director of Corporate Services

REPORT NUMBER: H207

TO: OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE

DATE OF MEETING: 24 March 2009

**ANNUAL REPORT OF THE OVERVIEW AND SCRUTINY (STEWARDSHIP)
COMMITTEE**

1. **PURPOSE OF REPORT**

- 1.1 This paper provides a basis for the Committee's annual report to Council.
- 1.2 In accordance with the Constitution, the Committee must report annually to Council on its work during the last year and make recommendations for future work programmes and if appropriate, amended working methods.

2. **RECOMMENDATION**

- 2.1 That the Director of Corporate Services, in consultation with the Committee Chairman, complete the Committee's Annual Report for submission to the next meeting of Council based upon this report and the Committee's views.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

- 3.1 There have been no financial implications to date other than the costs of officer time and normal allowances for Members that are included in the budget.
- 3.2 Any development of the work of in-depth scrutiny, including items such as the payment of out of pocket expenses for expert and other witnesses, can be accommodated within existing budgets for 2009/10. The position for future years will be addressed through the Strategic Financial Planning Process, if that is necessary.

4. **RISK MANAGEMENT**

This report is an update on work completed during 2008/09, together with a draft programme for 2009/10. Risk management considerations for individual topics will be included in reports to the Committee as the year progresses.

5. **KEY INFORMATION**

5.1 **WORK IN 2008/09**

Appendix 1 outlines the Committee's main areas of work in 2008/09. The following is a brief summary of the Committee's main achievements during the year:

- The Committee has considered the Audit Commission's Annual Audit and Inspection Letter for 2006/07.

- The Committee endorsed the approach taken to improve customer service and agreed an action plan to address the issues identified by a general user satisfaction survey in 2006/07.
- A considerable amount of work has been undertaken by the Strategic Financial Planning Task Group and the Overview and Scrutiny Committees to ensure that draft budgets for 2009/10 reflect the Council's priorities and approved policies. A joint meeting of the two Overview and Scrutiny Committees was held to consider the Budget Framework and the two Committees then scrutinised the draft budget proposals before final approval by Strategy Committee and Council.
- The 2007/08 CPA Improvement Plan has been monitored.
- The Committee approved the 2007/08 Annual Governance Statement and appointed 2 Members to review the Statement.
- The Committee has considered the External Auditors' Use of Resources Assessment for 2007/08 and Annual Audit and Inspection Plan for 2008/09. The Annual Governance Report was also considered and a management action plan was subsequently approved.
- The Committee scrutinised the 2007/08 Financial Outturn and draft Statement of Accounts.
- The Committee has considered the 2007/08 end of year Finance and Performance Management report and quarterly reports for 2008/09.
- The Internal Audit annual report for 2007/08 was approved and further reports have been considered concerning outstanding high/medium risk recommendations. The Interim report for 2008/09 and work programme for 2009/10 have also been considered.
- The Committee considered the key performance indicator basket for 2008/09 and agreed to continue to scrutinise these on a quarterly basis. The target setting arrangements for 2009/10 have also been considered and a joint Working Group established to scrutinise the proposed targets.
- The Committee considered the Council's Annual Report.
- The Committee considered the Annual report on key issues relating to the Council's Capital and Asset Management Strategy.
- The Committee agreed an action plan for improving the management of informal complaints. Formal Complaints for 2007/08 were monitored.
- The Committee adopted a new Code of Corporate Governance.
- The Committee has considered reports on the management of significant business risks facing the Council and the results of a strategic risks refresh exercise.

- A revised Anti-Fraud and Corruption and Whistleblowing Policy has been adopted.
- The Committee has considered a report on the progress made regarding the Council's response to the Statutory National Indicators.

5.2 WORK PLAN FOR 2009/10

Appendix 2 sets out a list of items of work that Members and Officers have identified for consideration by the Committee during 2009/10. It is recommended that Members should identify which, if not all, of the matters it considers should be addressed by the Committee in 2009/10 and importantly, what other areas it thinks should be considered for inclusion in the work programme. If any such areas are identified, an assessment sheet will need to be completed, a copy of which is attached at Appendix 3. In doing so, Members are asked to consider the principles of PICK analysis which have been approved by the Committee. A summary is attached at Appendix 4. Further guidance on the selection of issues for inclusion in the annual work programme can be found in the Overview and Scrutiny Handbook.

6. APPENDICES

Appendix 1 – Overview and Scrutiny (Stewardship) Committee:

Resume of Work in 2008/09

Appendix 2 – Overview and Scrutiny (Stewardship) Committee:

Proposed Work Plan for 2009/10

Appendix 3 – Planning Assessment Sheet

Appendix 4 – PICK Analysis

7. BACKGROUND PAPERS REFERRED TO

None.

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OVERVIEW AND SCRUTINY (STEWARDSHIP) COMMITTEE

RESUME OF WORK 2008/09

1.1 Strategic Financial Planning and Draft Budget 2009/10

At the joint meeting on 9 December 2008 Members considered a report from the Strategic Financial Planning (SFP) Task Group setting out proposals for the 2009/10 Budget. They recommended these for approval by Strategy Committee subject to a number of the potential Medium-Term Plan priorities being further reviewed by the SFP Task Group. A Council Tax increase of no more than 3.5% was also supported in principle.

At its meeting on 27 January 2009 the Committee scrutinised the draft budget for 2009/10. Members recommended to Strategy Committee that the draft budget be approved, including a proposal for a Council Tax increase of 2.9%.

1.2 Budget and Performance Monitoring

At its meeting on 24 June 2008 the Committee scrutinised the provisional 2007/08 Financial Outturn and draft Statement of Accounts.

At the same meeting the Committee also considered the 2007/08 end of year Finance and Performance Management report. It was noted that the format followed that of the Corporate Plan to show the linkages to the Council's corporate priorities.

Quarterly Monitoring Reports on Finance and Performance Management for 2008/09 have been considered by the Committee at its meetings on 12 August and 18 November 2008 and 24 March 2009.

1.3 Annual Audit and Inspection

At its meeting on 13 May 2008 the Committee considered the Annual Audit and Inspection Letter for 2006/07. Representatives of the Audit Commission and District Audit were present for the item.

At its meeting on 24 June 2008 the Committee considered the Annual Audit and Inspection Plan for 2008/09. Representatives of the Council's Auditors PKF were present for the item.

1.4 Use of Resources

At its meeting on 27 January 2009 the Committee considered the external Auditors' Use of Resources Assessment for 2007/08. It was noted that Babergh had been assessed at level 3 "Performing well".

1.5 External Auditors Annual Governance Report

At its meeting on 30 September 2008 the Committee considered the external auditors Governance report which included a review of the Council's 2007/08 Financial Statements and associated matters. Representatives of the Council's Auditors PKF were present for the item. Members agreed to focus on the material misstatement issue and that the other issues raised by the external auditors would be discussed at the next meeting and that the Director Of Finance would provide a Management Action Plan to address these.

Consequently, at its meeting on 18 November 2008 the Committee approved the Management Action Plan and noted that discussions are still ongoing with PKF with regard to issues raised by them in their Annual Governance report.

1.6 The Council's Annual Report

At its meeting on 12 August 2008 the Committee considered a report presenting the Council's draft Annual Report for 2007/08. Members noted further updates to the draft report and agreed that an updated report be circulated to Members for comments prior to the report being finalised for submission to the Council.

1.7 Risk Management

At its meeting on 13 May 2008 the Committee considered a report providing Members with an update on progress in managing the Significant Business Risks facing the Council and the need for a further review of these. The Committee agreed that, in view of the impact of the Local Government Review announcement, a strategic refresh of the Council's Significant Business Risks be undertaken as soon as possible.

Consequently, at its meeting on 12 August 2008 the Committee received a report updating Members on the results of a strategic risks refresh exercise which examined the current issues and challenges facing the Council. Members recommended to Strategy Committee that the Council's Significant Business Risk Register be updated to reflect the outcomes of the latest strategic refresh and that Management Action Plans for each risk above the tolerance line be monitored by the Committee on a quarterly basis.

These recommendations were approved and the first quarterly monitoring report was considered by the Committee on 27 January 2009.

1.8 Internal Audit

At its meeting on 12 August 2008 the Committee considered a report on the work carried out by the Internal Audit team during 2007/08. The report gave an indication as to whether key systems of internal control are operating soundly and any areas where there are significant weaknesses.

During consideration of the report Members raised concerns as to the amount of recommendations that were still ongoing or outstanding at June 2008 and agreed that any high risk recommendations not completed would be reported to the next meeting.

Consequently, at its meeting on 30 September 2008 the Committee received a report updating Members on the progress being made. However Members were still disappointed at the amount of recommendations still ongoing or outstanding and agreed that those still outstanding by the end of October be reported to the next meeting and that the responsible officers be requested to attend.

The Committee therefore considered a further update on the 2007/08 outstanding internal audit recommendations at its meeting on 18 November 2008 and the responsible officers were in attendance to answer Members questions. The Committee supported the proposed approach on all issues covered by the report and noted the progress being made.

At its meeting on 27 January 2009 the Committee considered the Interim Internal Audit report for 2008/09 outlining the work undertaken by the Internal Audit Section from 1 April to 31 December 2008 and the progress made in implementing recommendations during the second half of 2007/08 and the first half of 2008/09.

At its meeting on 24 March 2009 the Committee will consider the Internal Audit Work Programme for 2009/10.

1.9 Revised Anti-Fraud and Corruption and Whistleblowing Policy

At its meeting on 27 January 2009 the Committee approved the revised Anti-Fraud and Corruption and Whistleblowing Policy and agreed that the Standards Committee consider the Policy during 2009/10 and report back with any observations for further consideration.

1.10 Annual Governance Statement 2007/08

At its meeting on 24 June 2008 the Committee appointed 2 Members to review the 2007/08 Annual Governance Statement and the adequacy and effectiveness of Internal Audit, based on supporting evidence. The findings of the review were considered by the Committee alongside the Annual Internal Audit report at its meeting on 12 August 2008.

1.11 Code of Corporate Governance

At its meeting on 30 September 2008 the Committee considered a proposed new Code of Corporate Governance and recommended to Strategy Committee that it be adopted.

1.12 Key Performance Indicator Baskets 2008/09 and 2009/10

At its meeting on 24 June 2008 the Committee considered the key performance indicator basket for 2008/09 and agreed to continue to scrutinise these on a quarterly basis.

At its meeting on 27 January 2009 the Committee considered the target setting arrangements for 2009/10 and agreed that a Working Group be established jointly with the Overview and Scrutiny (Community Services) Committee to scrutinise the proposed targets. The Committee appointed 2 Members to sit on the Working Group.

At its meeting on 24 March 2009 the Committee will consider the findings of the Working Group.

1.13 Statutory National Indicators

At its meeting on 27 January 2009 the Committee noted the progress made to date in securing the information required to meet the Statutory National Indicator submission deadlines.

1.14 Monitoring Comprehensive Performance Assessment (CPA) Improvement Plan

At its meeting on 13 May 2008 the Committee received a report outlining the status of the 2007/08 CPA Improvement Plan. It was noted that of the 42 actions in the Plan, 38 had been completed leaving only 4 partly completed.

1.15 Monitoring of Complaints

At its meeting on 12 August 2008 the Committee received an annual report concerning complaints about the Council in 2007/08, whether received by the Council or by the Local Government Ombudsman.

1.16 Customer Service – Opportunities for Improvement

At its meeting on 24 June 2008 the Committee endorsed the approach taken to improve customer service and agreed an Action Plan for improving the management of informal complaints in response to findings from the General User Satisfaction Survey 2006/07.

1.17 Annual Report – Capital and Asset Management Strategy

At its meeting on 30 September 2008 the Committee received an annual report outlining key issues relating to the Council's Capital and Asset Management Strategy over the last 12 months and future plans in terms of planning and the ongoing review of Babergh's approach to capital investment and asset utilisation.

1.18 Annual Report – Procurement Strategy Action Plan (2008/2011)

At its meeting on 24 March 2009 the Committee will consider the progress being made in 2008/09 against the original Action Plan.

1.19 Decline of Land Charge Income

At its meeting on 27 January 2009 the Committee noted the actions that have or will be undertaken to manage the issues with regard to the decline of land charge income.

BABERGH DISTRICT COUNCIL**FROM:** Director of Corporate Services**REPORT NUMBER:****TO:** OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE**DATE OF MEETING:****DRAFT WORK PLAN FOR 2009/10****DATE OF COMMITTEE – 19 MAY 2009**

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Annual Audit and Inspection Letter 2007/08	To receive a presentation from the Audit Commission	To be determined	Andrew Hunkin/ Barry Hunter
Monitoring the CPA Improvement Plan 2008/09	Final update on 2008/09 Plan	Decision	Andrew Hunkin
2008/09 Annual Internal Audit Report	To consider findings	Decision	Barry Hunter
Annual Governance Statement	To consider and review 2008/09 Statement	To be determined	Barry Hunter
External Inspection Improvement Plan (Use of Resources, Direction of Travel and Corporate Governance)	To approve the plan and receive an update on progress	Decision	Barry Hunter
Performance Management Framework	(a) To receive the year-end report on finance and performance monitoring and on any variances identified in Quarter 3, 2008/09 (b) Quarterly monitoring of Significant Business Risks	To be determined	Andrew Hunkin/Barry Hunter
Report from Programme Board	Overview of progress on current major projects and programmes	To be determined	Ryan Jones
Business Continuity Action Plan	To receive an update on progress on the plan	Decision	Andrew Hunkin

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
The Council's Annual Report for 2008/09	To consider draft Annual Report	Recommendation to Council	Andrew Hunkin/ Barry Hunter
Customer Services – opportunities for Improvement	To consider any variations arising from the Action Plan identified by CAST Board	Decision	Andrew Hunkin/Bob Southgate/ CAST Board
Council's process for dealing with Petitions	To review process	To be determined	Ray Amesbury
Councillor Call for Action	To consider proposals on how the process is to be managed at Babergh	To be determined	Steve Ellwood

DATE OF COMMITTEE – 23 JUNE 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Annual Audit and Inspection Plan	To receive details from the External Auditors	Decision	Barry Hunter
2008/09 Financial Outturn and Statement of Accounts	To consider the outturn, key variances and the draft Statement of Accounts	Recommendation/ views to Council	Barry Hunter
Performance Management Framework	To receive reports on finance and performance variances identified in Quarter 4/2008/09 year-end position	To be determined	Andrew Hunkin/Barry Hunter

DATE OF COMMITTEE – 11 AUGUST 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Annual Monitoring of Formal Complaints	To monitor and review all formal complaints	Decision	Andrew Hunkin
Service Standards	To monitor performance against these	Decision	Bob Southgate

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Performance Management Framework	(a) To receive the Quarter 2 report on finance and performance monitoring (b) Quarterly monitoring of Significant Business Risks	To be determined	Andrew Hunkin/Barry Hunter

DATE OF COMMITTEE – 22 SEPTEMBER 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
External Audit Annual Governance Report	To consider findings	To be determined	Barry Hunter
Annual Report – Capital and Asset Management Strategy	To consider findings and future plans	Decision	Barry Hunter/Ryan Jones
Performance Management Framework	To receive reports on finance and performance variances identified in Quarter 2	To be determined	Andrew Hunkin/Barry Hunter

DATE OF COMMITTEE – 17 NOVEMBER 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Performance Management Framework	(b) To receive the Quarter 2 report on finance and performance monitoring (b) Quarterly monitoring of Significant Business Risks	To be determined	Andrew Hunkin/Barry Hunter
Significant Business Risks Refresh	To consider the latest risks facing the Council	Recommendation to Strategy Committee	Barry Hunter

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Diversity and Equalities	To review progress on the Action Plan	Decision	Mike Hammond/ Andrew Hunkin
One Year Delivery Plan 2009/10	To review progress on actions	To be determined	Mike Hammond/ Andrew Hunkin
Interim Internal Audit Report	To consider current position	Decision	Barry Hunter

DATE OF COMMITTEE – 8 DECEMBER 2009
JOINT MEETING WITH OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES) COMMITTEE (IF REQUIRED)

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Report of the Strategic Financial Planning Task Group	To consider the Group's recommendations	To be determined	Barry Hunter

DATE OF COMMITTEE – 26 JANUARY 2010

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Budget Scrutiny	To scrutinise draft budgets for 2010/11	Recommendation to Strategy	Barry Hunter
Statutory National Indicators	To note position	Decision	Andrew Hunkin
Use of Resources Assessment	To consider report from external auditors	Decision	Barry Hunter
Performance Management Framework	To receive reports on finance and performance variances identified in Quarter 3	To be determined	Andrew Hunkin/ Barry Hunter
Performance Management – Target Setting 2010/11	To consider proposed approach	Decision	Andrew Hunkin

DATE OF COMMITTEE – 23 MARCH 2010

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Internal Audit Work Programme 2010/11	To consider proposed work programme	Decision	Barry Hunter
2010/11 Targets	To set PI targets	Recommendation to Strategy	Andrew Hunkin
Annual Report	To consider draft Annual Report for 2009/10	Recommendation to Council	Steve Ellwood/ Karen Sayer
Performance Management Framework	(c) To receive the Quarter 3 report on finance and performance monitoring (b) Quarterly monitoring of Significant Business Risks	To be determined	Andrew Hunkin/Barry Hunter

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OVERVIEW AND SCRUTINY () COMMITTEE

PLANNING ASSESSMENT SHEET FOR REVIEWS

What is to be reviewed?	
Why?	
What benefits are expected?	
What needs to be examined and asked?	
Documents/evidence/research <i>What?</i> <i>Why?</i>	Questions to be asked
Site visits <i>Where?</i> <i>Why?</i>	Questions to be asked
Consultation <i>Who/what?</i> <i>Why?</i>	Questions to be asked
Witnesses <i>Who?</i> <i>Why?</i>	Questions to be asked
What resources will be needed for the review?	
Over what period should it be carried out?	Start Complete
Who will be the lead officer?	

PICK ANALYSIS

In developing its annual work programme, Overview and Scrutiny Committees should be clear about the reasons for selecting particular issues and what they are seeking to achieve.

The list of topics and issues for the work programme can be a very long one if not careful. Some councils use an idea called PICK to prioritise the types of issues to choose. PICK stands for:

- P Public Interest
- I Impact
- C Council Performance
- K Keep it Context

P for Public Interest

Councillors are the eyes and ears of the public, ensuring that the policies, practices and services delivered by both Babergh District Council and external organizations, are meeting local needs and to an acceptable standard. The concerns of local people should therefore influence the issues chosen for scrutiny.

I for Impact

Scrutiny is about making a difference to the social, economic and environmental well-being of the area. Not all issues of concern will have equal impact on the well-being of the community. This should be considered when deciding the work programme and priority be given to those issues that have more impact.

C for Council Performance

Scrutiny is about improving performance and ensuring the people of Babergh are served well. Councillors will need good quality information to identify areas of poor performance both within the Council and externally. There are no shortage of Performance Indicators available in the public service arena, both national and local, although the quality and relevance will vary. There is a need to select the most relevant performance indicators and to seek an interpretation of results.

K for Keep it in Context

To avoid duplication or wasted effort priorities should take account of what else is happening in the areas being considered. Is there a Best Value Review happening or planned? Is the service about to be inspected by an external body? Are there major legislative or policy initiatives already resulting in change? If these circumstances exist councillors may decide to link up with other processes (e.g. Best Value Review) or defer a decision until the outcomes are known or conclude that the other processes will address the issues.

PICK CHECKLIST

More “ticks” across all four categories indicates that the topic is more suitable for in depth review.

<p>Public Interest</p> <ul style="list-style-type: none"> <input type="checkbox"/> There is evidence of significant public interest in this topic <input type="checkbox"/> It is a “high profile” topic for specific local communities or communities of interest <input type="checkbox"/> This is an area where we received a lot of complaints and / or bad press <input type="checkbox"/> The review will need to include participatory events and opportunities for local people and / or organizations to have their say <input type="checkbox"/> Substantial survey or research work is required
<p>Impact</p> <ul style="list-style-type: none"> <input type="checkbox"/> This review will have a significant impact on the “well being” of Babergh <input type="checkbox"/> A local community or community of interest have much to gain or lose <input type="checkbox"/> Work is needed to develop the routes to influencing change (e.g. with partners) <input type="checkbox"/> This could make a big difference to the way services are delivered <input type="checkbox"/> This could make a big difference to the way resources are used
<p>Council Performance</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Council and / or other organizations are not performing well in this area <input type="checkbox"/> We do not understand why our performance differs from others <input type="checkbox"/> We are performing well but spending too much money in this area <input type="checkbox"/> There are few local or national performance measures / targets for this service <input type="checkbox"/> This service is fundamental to the achievement of Council objective(s)
<p>Keep in Context</p> <ul style="list-style-type: none"> <input type="checkbox"/> This service will not be part of a BV Review or external inspection in the next 2 years <input type="checkbox"/> This service will be reviewed or inspected soon but Scrutiny can make a positive contribution by focusing on key areas of interest and making recommendations <input type="checkbox"/> This service has not been recently reviewed or inspected <input type="checkbox"/> There are no current major changes to service that reduce or pre-empt the value of review <input type="checkbox"/> Service changes are planned and Scrutiny can positively influence change