

BABERGH DISTRICT COUNCIL

FROM: Head of Corporate Services

REPORT NUMBER **G229**

**TO: OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE**

DATE OF MEETING: 18 March 2008

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 Head 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.

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 2008/09. The position for future years will be addressed through the Service and Financial Planning Process, if that is necessary.

4. RISK MANAGEMENT

This report is an update on work completed during 2007/08, together with a draft programme for 2008/09. 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 2007/08

Appendix 1 outlines the Committee's main areas of work in 2007/08. The following is a brief summary of the Committee's main achievements during the year:

- The draft Strategic Plan has been scrutinised.
- A considerable amount of work has been undertaken by the Service and Financial Planning Member Group and the Overview and Scrutiny Committees to ensure that draft budgets for 2008/09 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 the Strategy Committee and Council.
- The capital and revenue budgets, including efficiencies, for 2007/08 have been monitored regularly.
- The Committee has considered reports about the Audit Commission's Use of Resources Assessments for 2006 and 2007.
- The internal audit annual report for 2006/07 was approved and the Committee has scrutinised the steps taken to eliminate fraud and error in the Benefits system.
- The Committee has considered a number of reports relating to risk management and internal control. Members have discussed the further work required to embed risk management fully into the culture of the Council.
- Performance indicators have been monitored throughout the year. There has been close consideration of certain key areas such as the average number of days sick per member of staff, discretionary housing payments, the ICT function and LAMP. Complaints to the Council have also been monitored.
- The Committee has spent some time discussing the way in which performance management information should be reported in future, and a new format has been agreed.
- The CPA Improvement Plan has been monitored.
- The Committee has considered a call-in relating to a Strategy Committee decision. The Committee concurred with the process by which the Strategy Committee had reached its decision.
- The Committee has adopted an Overview and Scrutiny Handbook.

5.2 WORK PLAN FOR 2008/09

Appendix 2 sets out a list of items of work that Members and Officers have identified for consideration by the Committee during 2008/09. It is recommended that Members should identify which, if not all, of the matters it considers should be addressed by the Committee in 2008/09 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.

5. **APPENDICES**

Appendix 1 – Overview and Scrutiny (Stewardship) Committee: Resume of Work in 2007/08

Appendix 2 – Overview and Scrutiny (Stewardship) Committee: Proposed Work Plan for 2008/09

Appendix 3 – Planning Assessment Sheet

Appendix 4 – PICK Analysis

6. **BACKGROUND PAPERS REFERRED TO:**

None.

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OVERVIEW AND SCRUTINY (STEWARDSHIP) COMMITTEE

RESUME OF WORK 2007/08

1. **STRATEGIC PLAN**

At a joint meeting with the Overview and Scrutiny (Community Services) Committee on 11 December 2007 the Committees scrutinised progress in developing the Council's Strategic Plan for the period 2008 to 2018. Members accepted proposals for a planning and review mechanism, which would involve a long-term high level Strategic Plan, a medium term 3 or 4 year development plan and an annual delivery plan. The issues and outcomes set out in the Strategic Plan were reviewed, and a number of additions were suggested.

2. **FINANCIAL MATTERS**

2.1 **Service and Financial Planning and Draft Budget 2007/08**

At its meeting on 17 July 2007 the Committee appointed Mr Brand and Ms Jenkins to serve as its representatives on the Service and Financial Planning (SFP) Group for 2007/08. Members also appointed Ms Jenkins to serve on the Corporate Plan Working Group.

At the joint meeting on 11 December 2007 Members considered a report from the SFP Group setting out proposals for the 2008/09 Budget. They recommended these for approval by the Strategy Committee. They also accepted that a review should be undertaken of future Council Tax levels and all income generating opportunities, as a priority.

At its meeting on 29 January 2008 the Committee scrutinised the draft budget for 2008/09. Members recommended to the Strategy Committee that the draft budget be approved, including a proposal for a Council Tax increase of 3.9%.

2.2 **Budget Monitoring 2007/08**

At its meeting on 17 July 2007 the Committee considered a report concerning possible ways of improving the Council's management of its capital and revenue budgets. Members recommended approval by the Strategy Committee of the suggested approach and framework. This required the Overview and Scrutiny (Stewardship) Committee to monitor the overall position and the progress on net revenue expenditure.

This monitoring was carried out by means of Finance and Performance Quarterly Monitoring Reports considered by the Committee at its meetings on 29 August and 27 November 2007.

2.3 Annual Audit and Inspection

At its meeting on 5 June 2007 the Committee considered the Annual Audit and Inspection Letter 2005/06 and the Audit Work Plan for 2007/08. Representatives of the Audit Commission, of District Audit and of the new auditors, PKF, were present for the item.

2.4 Use of Resources

At its meeting on 5 June 2007 the Committee considered a report concerning the outcomes of the Audit Commission's 2006 Use of Resources Assessment. Overall, Babergh had maintained a level 3 score (performing well), although the Financial Management Scheme had been downgraded from level 3 to level 2 (adequate).

The requirements for 2007 and 2008 reflected a further "raising of the bar" by the Audit Commission. The Committee recommended approval by the Strategy Committee of an Action Plan aimed at strengthening existing arrangements and introducing new ones.

At its meeting on 29 January 2008 the Committee received a report on the Audit Commission's 2007 Use of Resources Assessment. Babergh had maintained an overall level 3 score, with an improved assessment on financial reporting. However, some detailed areas were assessed as level 2. The Improvement Action Plan was therefore reviewed and updated.

In relation to the effective use of resources, the Committee received a report at its meeting on 9 October 2007 on the recovery of arrears of Council Tax and Non-Domestic Rates, and of Housing Rents and Housing Benefits overpayments. Members suggested an amendment to the Debt Management Strategy and Policy, and advised the Strategy Committee on the need to express a strategic view about the cost-effective recovery of arrears.

2.5 Internal Audit and Benefit Fraud

At its meeting on 17 July 2007 the Committee noted a report on the internal audit work carried out during the 2006/07 financial year. One of the areas reviewed by Internal Audit had been procedures which posed a risk of possible benefit fraud. This prompted Members to call for a report on the number of benefit fraud cases investigated during the year, and their outcomes.

Consequently, at its meeting on 29 August 2007 the Committee received a report giving an overview of the work undertaken by officers, and the processes in place, in order to reduce or eliminate fraud and error within the Benefits system.

2.6 Statement on Internal Control

At its meeting on 5 June 2007 the Committee considered a report relating to the Statement on Internal Control 2006/07. Mr Brand and Ms Jenkins were appointed to a Member Group to review the Statement and supporting evidence, to determine whether the proposed actions were adequate to address any identified weaknesses.

2.7 Risk Management

At its meeting on 5 June 2007 the Committee considered a report concerning the results of a comprehensive review of the Strategic Risks which had been agreed in May 2005. The 28 risks identified in 2005 had been reduced to nine broad themes, and the Committee recommended these for approval by the Strategy Committee. It was also recommended that the key elements of the Management Action Plans for each risk be monitored by the Overview and Scrutiny (Stewardship) Committee on a quarterly basis.

These recommendations were approved and the first monitoring report was considered by the Committee at its meeting on 27 November 2007.

At its meeting on 29 August 2007, the Committee received a report linking each of the Corporate Business Risks in the Significant Business Risks Register to the Council's strategic business objectives and corporate priorities. At the end of the meeting a Risk Management Seminar was held for members of the Overview and Scrutiny Committees and of the Strategy Committee.

At its meeting on 29 January 2008 the Committee considered a Risk Management Annual Report, summarising risk management actions and outcomes over the previous year and indicating changes in arrangements which would result in the further embedding and strengthening of risk management in the organisation. The Committee recommended the Annual Report for approval by the Strategy Committee and Council.

3. **PERFORMANCE MANAGEMENT**

3.1 Final Performance Indicators 2006/07

At its meeting on 5 June 2007 the Committee considered the 2006/07 end of year figures for the nationally set Best Value Performance Indicators (BVPIs) and the Local Performance Indicators (LPIs) set by Babergh. Members noted that the Government had announced its intention to make changes to the Performance Management framework with effect from April 2008. They also suggested possible improvements to the presentation of performance data (see paragraph 3.2 below).

3.2 Performance Monitoring

The year 2006/07 saw an improvement to the quarterly monitoring reports, where performance against BVPI targets was integrated with updates on risk and financial management, with clear linkages to Strategic Plan objectives. In 2007/08 Officers have continued to submit these joint reports, which were considered by the Committee at its meetings on 29 August and 27 November 2007.

At its meeting on 29 August 2007 the Committee considered a report setting out options for the presentation of performance information to further assist Members in their Overview and Scrutiny roles. It was agreed that the Committee should receive a report on a "basket" of key indicators, together with any other significant exceptions, and that any significant performance variation

should be reported to the Chairman of the Overview and Scrutiny (Stewardship) Committee as soon as practicable. In addition, Members agreed that once a year the Committee should receive a report on all PIs, and that this should be linked to the annual target-setting exercise.

A proposed “basket” of PIs was put to the Committee at its meeting on 9 October 2007 and was agreed, subject to a few amendments.

The monitoring reports have prompted the Committee to request further information on performance in the following areas:

- average number of days sick per member of staff - Members received a report about this at its meeting on 5 June 2007 and agreed that the target set for the relevant BVPI should be changed.
- discretionary housing payments - at their meeting on 9 October 2007 Members received an explanation as to why this LPI target was not being met. They noted new arrangements being put in place with the aim of facilitating informed and quick choices on tenancy options, necessary to support the Council's priority of making affordable homes available across the District.
- ICT function and LAMP – at their meeting on 9 October Members received an overview of the current and predicted ICT capital budget position, together with an explanation as to why the targets for LPI49, LPI51 and LPI53 had not yet been met. The Committee requested further information about the contract agreement for the Local Authority Modernisation Programme (LAMP), and this was considered at the meeting on 29 January 2008.

At its meeting on 29 January 2008 the Committee received a report concerning potential changes needed to aspects of the Council's Performance Management arrangement as a result of the new National Performance Management Framework, and approved a project plan to deal with the changes.

3.3 Monitoring Comprehensive Performance Assessment (CPA) Improvement Plan

At its meeting on 9 October 2007 the Committee received a report on the final position on the CPA Improvement Plan for 2006/07, and noted that 81% of the 34 actions had been completed.

3.4 Complaints

At its meeting on 29 August 2007 the Committee received an annual report concerning complaints about the Council in 2006/07, whether received by the Council or by the Local Government Ombudsman.

3.5 User Satisfaction Surveys

At its meeting on 29 August 2007 the Committee considered a report summarising the results of four Best Value User Satisfaction Surveys. Officers were asked to draw up a report on informal complaints handling. An interim report was considered by the Committee at its meeting on 27 November 2007. It set out the results of research into current best practice in four high performing district councils. Officers were asked to explore the issues identified through further research.

4. **LOCAL DEMOCRACY/EFFECTIVE DECISION-MAKING**

4.1 Overview and Scrutiny Handbook

At its meeting on 27 November 2007 the Committee received an Overview and Scrutiny Handbook, which had been developed as part of an Action Plan arising from a review of the Overview and Scrutiny role undertaken in 2006, Members agreed to adopt the Handbook as a guide for councillors and officers on how to carry out Overview and Scrutiny.

4.2 Call-In

At its meeting on 29 January 2008 the Committee considered a call-in request relating to a Strategy decision to release expenditure to carry out certain schemes of planned maintenance, including installing car park ticket machines in Sudbury and replacing existing machines in Hadleigh.

In accordance with the call-in procedures, the Chairman of the Strategy Committee attended the meeting to answer Members' questions, as did the Head of Contract and Asset Management as author of the relevant report. The clerks to Hadleigh and Sudbury Town Councils attended as witnesses. Having considered all the evidence, the Committee resolved to concur with the procedure by which the Strategy Committee had made its decision.

BABERGH DISTRICT COUNCIL**FROM:** Head of Corporate Services**REPORT NUMBER****TO:** OVERVIEW AND SCRUTINY
(STEWARDSHIP) COMMITTEE**DATE OF MEETING****DRAFT WORK PLAN FOR 2008/09****DATE OF COMMITTEE – 13 MAY 2008**

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Service and Financial Planning/Strategic Plan	To consider arrangements for 2007/08	Decision	Barry Hunter/ Andrew Hunkin
Annual Audit and Inspection Letter 2006/07 and Work Plan for 2008/09	To receive a presentation from the Audit Commission	To be determined	Andrew Hunkin/ Barry Hunter
Capital Programme Outcomes 2007/08	To note overall performance on the 2007/08 Capital Programme as compared to targets for the year	Decision	Barry Hunter/Ryan Jones
Update on Significant Business Risks	To monitor/update the current position	Recommendation to Strategy and Council	Barry Hunter
Monitoring the CPA Improvement Plan 2007/08	Final update on 2007/08 Plan	Decision	Andrew Hunkin
Customer Care and Informal Complaints Handling	To consider proposed measures, resources and timescales for addressing customer satisfaction issues	To be determined	Bob Southgate/ Janice Rees

DATE OF COMMITTEE – 24 JUNE 2008

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Financial Strategy Review	To consider approach	Decision	Barry Hunter
Annual Internal Audit Report 2007/08, including work on CAST	To consider findings	To be determined	Barry Hunter
Statement on Internal Control/Corporate Governance	Review of 2007/08 Statement	To be determined	Barry Hunter
Statement of Accounts	To consider Statement of Accounts	Recommendation to Council	Barry Hunter
Finance, Risk and Performance Management	To note the final position for 2007/08 and targets for the period up to 20010/11	Decision	Barry Hunter/ Janice Rees
Performance Management	To approve new basket of key PIs for the 08/09 quarterly reporting cycle	Decision	Janice Rees

DATE OF COMMITTEE – 12 AUGUST 2008

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Asset Management Strategy – Annual Report	To note update on asset utilisation	To be determined	Ryan Jones

DATE OF COMMITTEE – 30 SEPTEMBER 2008

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Finance, Risk and Performance Management – quarterly report	To note update on 2008/09 budget and performance	Decision	Janice Rees/ Barry Hunter
Annual Monitoring of Complaints	To monitor and review all formal complaints	Decision	Andrew Hunkin
Monitoring the CPA Improvement Plan 2008/09	To monitor the current position	Decision	Andrew Hunkin
Significant Business Risks	To consider strategic refresh	Recommendation to Strategy	Barry Hunter

DATE OF COMMITTEE – 18 NOVEMBER 2008

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Use of Resources	To note 2008 Audit Commission assessment	Decision	Barry Hunter
Strategic Procurement Framework	To monitor implementation	Decision	Barry Hunter

DATE OF COMMITTEE – 9 DECEMBER 2008
JOINT MEETING WITH OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES) COMMITTEE (IF REQUIRED)

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

DATE OF COMMITTEE – 27 JANUARY 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Budget Scrutiny	To scrutinise draft budgets for 2009/10	Recommendation to Strategy	Barry Hunter
Finance, Risk and Performance Management – quarterly report	To note update on 2008/09 budget and performance	Decision	Janice Rees

National Performance Indicator Comparisons 2007/08	To note position	Decision	Janice Rees
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DATE OF COMMITTEE – 24 MARCH 2009

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Internal Audit Work Programme 2009/10	To consider proposed internal audit work programme for the next financial year	Decision	Barry Hunter
Finance, Risk and Performance Management – quarterly report	To note update on 2008/09 budget and performance	Decision	Janice Rees/ Barry Hunter
Annual Report	To consider draft Annual Report for 2008/09	Recommendation to Council	Ray Amesbury/ Steve Ellwood

OTHER TOPICS IDENTIFIED FOR FUTURE MEETINGS

Topic	Lead Officer	Proposed Committee Date

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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