

Item 8b

SEDGEFIELD BOROUGH COUNCIL OVERVIEW & SCRUTINY COMMITTEE 1

Conference Room 1,
Council Offices,
Spennymoor

Tuesday,
23 November 2004

Time: 10.00 a.m.

Present: Councillor A. Gray (Chairman) and

Councillors Mrs. K. Conroy, D.M. Hancock, K. Henderson,
J.G. Huntington, J.M. Khan, B. Meek and G. Morgan

In Attendance: Councillors Mrs. J. Croft, V. Crosby, Mrs. J. Gray, J.E. Higgin,
Mrs. E.M. Paylor, A. Smith, T. Ward and J. Wayman J.P

Apologies: Councillors W.M. Blenkinsopp, Mrs. A.M. Fleming, B. Hall, J.M. Smith,
Mrs. I. Jackson Smith and K. Thompson

OSC(1).17/04 DECLARATIONS OF INTEREST

Members had no declarations of interest to declare.

OSC(1).18/04 MINUTES

The Minutes of the meeting held on 12th October, 2004 were confirmed as a correct record and signed by the Chairman. (For copy see file of Minutes).

OSC(1).19/04 INTERNAL AUDIT SERVICE - REPORT FOR HALF YEAR ENDED 30TH SEPTEMBER 2004

Consideration was given to a report of the Director of Resources. (For copy see file of Minutes).

The report outlined the work undertaken in the initial six-month period of the internal Audit Plan for 2004/05, which had been considered and approved at Overview and Scrutiny Committee 1 on 30th March 2004.

The areas of development where Internal Audit continued to be involved were identified, particularly in the important area of Corporate Governance. It was explained that the approved Audit Plan scheduled a total of 936 man-days for the full year with a half-year target performance of 468. The Plan Monitoring report showed that a total of 491 days had been achieved.

Progress on the areas of work requiring continued involvement of Internal Audit Staff were outlined as follows:

Regularity Audit

Members noted that the programme of regularity audit for the half year, which formed the core of the Audit Plan, had been substantially completed. Those areas not finalised in the half year would be addressed shortly.

Performance Management

It was reported that a Review of the 2003/04 Key Performance Indicators was completed and the findings had been reported back to departmental managers.

Members were informed that the Audit Commission had recommended a more formal departmental review process. It was anticipated that this would enhance the performance management arrangements.

An Audit Review of the Key Indicators for 2004/05 would commence shortly.

Financial Management Information System (FMIS)

The Committee noted that the Council's new FMIS had been in operation since April, 2004 and appeared to be working well.

The new FMIS provided enhanced Management Information to all departments and the development of awareness of Managers throughout the Council was underway to ensure that the full potential of the system was fully exploited.

Members queried whether there were any systems in place, which allowed the Council to make and receive payments electronically.

It was explained that an automated bank transfer arrangement had been in operation for approximately six weeks and had been used by substantial numbers. It was pointed out that only certain payments could be received electronically although the system was being extended to include all payments.

Reference was also made to a revised payroll system, which gave the Council the capability to distribute payslips electronically.

It was explained that all new systems are assessed in the light of the Government's e-agenda.

Procurement Procedure Rules

It was explained that the Working Group, which had been established to develop new procurement rules, continued to meet and was currently reviewing procurement practices and the impact of the revised departmental structure and the potential Large Scale Voluntary Transfer,

Risk Management

Members were informed that a new Risk Management Sub-Group of the Corporate Strategy Group had been established.

The first meeting of the group had been held on 7th October 2004 and was working towards implementing many aspects of the Council's Risk Management Strategy designed to enhance the overall Corporate Governance arrangements of the Council.

Energy Management

Members were informed that a tender exercise had been carried out in relation to the supply of green electricity to the Council's large sites at an annual value of £210,000 and a start date of 1st October, 2004.

It was explained that this represented a price increase of 40%, which together with increasing pressures within the energy market generally, emphasised that the Council must adopt a more active role on energy monitoring and conservation.

Members were of the opinion that that the Council needed to be more proactive in relation to energy efficiency, especially in the four Leisure Centres which were high users of electricity.

It was agreed that energy management be considered for a future review.

CORPORATE GOVERNANCE

It was explained that the Accounts and Audit Regulations 2003 had introduced the requirement for a formal certified Statement of Internal Control (SIC) to be included in the published financial statements.

The Council's Statement of Accounts for 2003/2004 contained the SIC and confirmed that the internal financial controls had operated effectively during 2003/2004. It had also highlighted that the restructuring of the Council's departments and the introduction of the new Financial Management Information System would have a significant impact on the internal control environment from 2004/05 onwards.

It was reported that although much of the internal audit work had been completed satisfactorily some problems had been highlighted as detailed below. These areas would continue to be monitored throughout the year to ensure that progress was made or maintained as necessary.

Collections Accounting Reconciliations

Members were informed that throughout the first half year, problems had been encountered in relation to the complex processes associated with maintaining the income collection controls. These problems were caused by structural staffing changes, sickness absence and the need to provide support to the front-line cash collection services.

The relevant staff had made substantial progress and all collection controls and reconciliations were now up to date.

Financial Management Information System (FMIS)

It was reported that most of the new system's functions were now operating satisfactorily and further development of management training was now underway to ensure that the fullest use was made of the system's financial information.

It was pointed out that as a result of the system implementation work demands there had been a delay in carrying out essential and complex reconciliation processes. It was pointed out that progress had been made in recent weeks as a result of concentrated effort by relevant staff and it was anticipated that full reconciliation processes of FMIS would be up-to-date by mid-December, 2004.

Housing Capital/Revenue Works

Members noted that the revised structure ending the client/contractor relationship which prevailed under the Compulsory Competitive Tendering regime; the single status changes which had ended the performance related pay bonus schemes; the impact of the Housing Maintenance Service Improvement Plan and the development of the proposed LSVT, had all impacted upon the delivery of housing capital and revenue works.

Members were reminded that Cabinet, at its meeting on the 3rd June, 2004 approved the arrangements for procurement of the Housing Capital and Improvement Programme. The development of a comprehensive departmental protocol was also proposed in order to ensure that Best Value was being achieved from those arrangements. It was pointed out that the pressure on staff resources had hindered the development of the protocol and the ability to demonstrate Best Value was uncertain.

It was noted that external consultants were carrying out a review of Housing Construction and Maintenance services and their report was expected shortly.

AUDIT COMMISSION REVIEW OF INTERNAL AUDIT

With regard to the Audit Commission Review of Internal Audit 2003/04, it was explained that the work of Internal Audit had been reviewed by Audit Commission as part of their work on financial governance.

In relation to the standards and approach of Internal Audit, the Audit Commission concluded that "Internal Audit has maintained compliance with CIPFA standards and has made progress with previous recommendations".

The Audit Commission had also emphasised the requirements for 2004/05 in relation to the Statement of Internal Control.

STAFFING

Discussion took place in relation to staffing. It was explained that the Internal Audit Plan was based upon the establishment of 6 posts and the achievement of the Plan was dependent upon the maintenance of the full complement of staff.

The Committee was informed that on 5th November 2004 a senior member of the Section had left the authority. Although a trainee from the Modern Apprentice Programme had been appointed, the knowledge and experience could not be maintained at the same level.

Members expressed concern in relation to the amount of staff leaving the authority. Members were reminded that the Review of Recruitment and Retention was ongoing. It was explained that turnover at Sedgefield Borough Council for 2003/04 was 8.7% and therefore much lower than the national (14%) or regional figure (14.2%).

RECOMMENDED: That the half yearly report be received and that a full year report be considered at the appropriate future meeting of this Committee.

OSC(1).20/04 REVISED POLICY AND PROCEDURES FOR HANDLING OF CUSTOMER COMPLAINTS

Consideration was given to a report of the Chief Executive Officer setting out proposals to amend the Corporate Policy and Procedures for handling of customer complaints following a fundamental review of existing arrangements. The report outlined arrangements for making the Customer Relations Database available to those parts of the authority that did not record complaints electronically. (For copy see file of Minutes).

It was reported that the Borough Council introduced the current Complaints Policy in 1991 as part of its Customer Care Programme. The Policy had worked reasonably well and had given residents and users of the service the opportunity to comment or criticise either the services themselves or the delivery of the services.

It was recognised that the maintenance and analysis of complaints records was inconsistent across departments and required improvement. There was no formal process for informing Management Team, Strategic Working Groups and residents about performance on complaints handling and the effectiveness of the Policy.

The revised policy aimed to provide residents and other users of the Borough Services, the opportunity to comment or criticise Borough Services or service delivery. It was hoped that issues could be quickly resolved primarily at the point of delivery i.e. front-line staff and the department involved. Customers would therefore receive a quick response to their queries/concerns and the Chief Executive's Corporate Complaints staff would be able to become more active in promoting the policy, providing guidance to departments and providing monitoring reports.

It was recognised that not all customers would accept the response given to them by the department providing the service. In these circumstances Customer Relations/Complaints Team would continue to provide them with an opportunity for an independent review/investigation on behalf of the Chief Executive and deal with more complex issues involving a number of departments.

Members were informed that where a complaint was justified the Corporate Customer Relations staff would attempt to reach a

settlement with the complainant.

Members queried what defined a justified complaint. It was explained that if Council policies and procedures had not been followed, a complaint would be justified.

Complainants who were not satisfied with the results of the Independent Review/Investigation would have the right to approach the Local Government Ombudsman.

A formal reporting system to Management Team and Performance Improvement Strategic Working Group would also be introduced which would enable trends/issues to be identified at an early stage and where necessary appropriate action could be built into Department and Section Business Plans.

Members were informed that an Annual Report would be produced together with a half yearly report on the position for April to September each year, which would set out the number and type of complaints by service, average time to respond and satisfaction with complaints handling. Recurring/significant issues would also be highlighted and details provided of how the complaints received had influenced policies or procedures.

Discussion took place in relation to the newly established Customers Services Department. Members pointed out that when contacting the Customer Services Department, problems had been encountered as a result of the crossover of responsibilities of authorities and departments. It was suggested that this should be incorporated into staff training.

Members also requested that when a complaint was reported by a Councillor, the Councillor receive notification when it had been resolved.

- RECOMMENDED:
1. That the report be noted
 2. That the Committee receives half yearly reports, detailing the number and type of complaints by service, average time to respond and satisfaction with complaints handling.

OSC(1).21/04 OVERVIEW AND SCRUTINY REVIEW GROUPS

Area Forums

It was reported that D. Anderson and A. Crawford were visiting each Area Forum in order to find Best Practice. Members of the Review Group were also visiting an Area Forum of which they were not members to see how other Area Forums were conducted.

Members were informed that a questionnaire was due to be sent to each person on the mailing lists for each Area Forum to ascertain why

some individuals or organisations no longer attended their local Area Forum.

Consultation would also take place with Town and Parish Councils and other partnering authorities in order to gather information for the review.

Recruitment and Retention

The Chairman of the Review Group gave an update as to the current position of the review.

Members were informed that the Review Group had been presented with the findings of the research undertaken for the Review.

It was explained that turnover at Sedgefield Borough Council for 2003/04 was 8.7% and was therefore much lower than the national turnover of 14.0% and regional turnover of 14.2%.

AGREED: That the information be noted

OSC(1).22/04 WORK PROGRAMME

Prior to consideration of this item clarification was given as to which Members could participate in the debate. It was explained that clarification had been sought from the Monitoring Officer prior to the meeting.

Rule 4 of the Overview & Scrutiny Procedure Rules contained in the Constitution stated that all Councillors who were members of an Overview and Scrutiny Committee could attend a meeting of those Overview and Scrutiny Committees where they were not members and with the consent of the Chairman speak, but not vote at those meetings. This Rule would apply to the whole of the agenda including the item on the Committee's Work Programme. However, if a Cabinet Member was in attendance at a meeting of an Overview & Scrutiny Committee, either by invitation or as an observer, they should be asked to leave during consideration of this item.

A guidance note on this subject was being prepared and would be distributed to all Members.

RECOMMENDED: That the Committees work programme, as outlined in the report, be agreed.

ACCESS TO INFORMATION

Any person wishing to exercise the right of inspection, etc., in relation to these Minutes and associated papers should contact Miss L. Moore Tel 01388 816166 Ext 4237

