

Durham County Council

Overview and Scrutiny Committee

At a Meeting of the **Scrutiny Sub-Committee for Corporate Management Issues** held at the County Hall, Durham on **Tuesday 30 August 2005** at 10.00 a.m.

Present:

Councillor C Robson in the Chair

Members:

Councillors Armstrong, Carroll, Henderson, Holroyd, Lethbridge and Pye

Other Members:

Councillors Barker, Chaplow, Coates, Fenwick, Hunter, Iveson, Meir and Stradling.

Apologies for absence were received from Councillors Bowman, Cordon and Tennant.

Labour Party Representative:

Mr B Scott

1. **Minutes**

The Minutes of the meeting held on 6 June 2005 were confirmed as a correct record and signed by the Chairman.

2. **2004/05 Outturn**

The Sub-Committee considered the report of the County Treasurer presenting information about the 2004/05 outturn after the Statement of Accounts was submitted to the County Council on 28 July (for copy of report see file of Minutes).

Stuart Crowe, County Treasurer informed the Sub-Committee of various issues relating to the budget and highlighted that the original revenue budget

for 2004/05 estimated net operating expenditure at £482.779m with capital spending estimated at £72.539 however the overall result was that net operating expenditure was recorded at £479.618m and capital at £86.572m with a transfer to the general reserve of £2.5m.

Councillor Robson commented that in relation to children services there was an overspend and asked how this could be controlled?

Stuart Crowe responded that the funding of Children Services was a major issue for the authority and that an additional £1½m had been provided in the budget for this Service. However the service will be monitored very closely this financial year to try to avoid such an overspend.

Councillor Carroll highlighted that people are living longer and asked whether there are any sources of additional funding for increased service provision.

Stuart Crowe commented that the Government is wanting to keep people in their homes for longer however this had to be balanced against the cost of Residential Care, he agreed that this cost will continue to rise but there is currently no source of additional funding.

In relation to the underspend in Environment a lot of the contracts were not delivered by the end of the year and in addition there was an increase in fees received from waste disposal. He continued that Internal Audit was looking into the 'underspend' however he did not think that this will be a regular feature of this budget.

Councillor Armstrong highlighted that Education and Social Care and Health seem to have overspends each year and enquired what system of monitoring is in place to prevent this from happening again.

Stuart Crowe replied that in relation to Education, most of the overspend is a technical accounting adjustment relating to the charge for the use of property.

In relation to Social Care and Health an overspend had been partly identified in certain areas in the report which was presented to Cabinet. He continued that there is a need to manage the process robustly and assured Members that this would happen in this financial year.

Councillor Armstrong continued by asked whether a figure for Children Services had been identified in the future budget process.

Stuart Crowe replied that there will have to be a composite children budget for next year. He emphasised that a lot of factors are not under the control of the local authority.

Councillor Fenwick commented that he had heard that SureStart projects were short of funding.

Stuart Crowe responded that SureStart projects are independent of the authority therefore the authority would not have to assist financially. He continued that children centres are receiving money from the Government.

Councillor Pye questioned that in relation to external legal fees, Social Care and Health do not seem to make any separate provision and enquired whether other departments make separate provision for this purpose?

Stuart Crowe commented that previously contingencies had been used to fund external legal fees however Social Care and Health are trying to 'tie' this budget down, the only other service to incur legal fees is the Environment Department for planning issues.

Resolved:-

That the report be noted.

A3 The County Council's Approach to Procurement and Efficiency

The Sub-Committee considered a report from the Head of Overview and Scrutiny together with a presentation from Bill Richards, Head of Corporate Procurement and Roger Goodes, Head of Efficiency concerning the Council's procurement arrangements and the authority's approach to efficiency issues (for copy of report and slides of presentation see file of Minutes).

During the presentation the following issues were highlighted by Bill Richards and Roger Goodes:-

- Procurement
 - What is it?
 - What is Durham County Council's approach to procurement?
 - How do we ensure compliance?
 - What is the value of procurement in Durham CC?
 - How is procurement currently organised?
 - Service Area Operational Procurement
 - National and Regional Initiatives
- Efficiency
 - Definition and Clarification

- Background - what is driving efficiency?
- What does efficiency mean to the Council?
- Regional studies, Efficiency, Effectiveness and e-government, are project and change management skills insufficient?
- Governance proposals for managing change in delivering the efficiency agenda
- Governance proposals for managing change in delivering the efficiency agenda - suggested operating model
- Activity and objectives
 - Efficiency Review - what are we looking at now
 - Efficiency centres
 - Transport
 - Payroll
 - Non-specialist procurement
 - Domiciliary care
 - Transport - Efficiency Centres
 - Business
 - Best Value
 - Best Value Review - Business Support Services
 - Measurement of success
 - Governance proposals for managing change in delivering the efficiency agenda
 - Overview of Efficiency Gains (2004-2005)
 - Procurement Savings
 - Best Value Review, Business Services
 - To secure the future opportunities we need to look at other areas

- Implications for the future
- Future ambition

Councillor Robson commented that there appears to be a need to look at how "back office" staff are structured.

Roger Goodes responded that the back office processes are repeated in the various service Departments and therefore there is a need to consider their location.

Councillor Barker commented that there may be a need to look at how Education is financed. Should the authority look at school performance to determine outcomes.

Councillor Armstrong reminded the Sub-Committee that 100% of funding is currently passported to the schools.

He continued by asking as to what services the Procurement Section procures for the Education Department other than School Meals and what information is provided to new members of staff about the Procurement Service.

Bill Richards responded that ICT and Hardware is purchased by the Procurement Section to ensure that savings are made.

With reference to new employees Roger Goodes responded that the authority is looking at the competency of potential employees and discussions are currently taking place with Personnel Services to discuss the most suitable process to determine competency. He would consider this issue for induction training.

Resolved:-

That the report and presentation be noted.

A4 Performance Management

The Sub-Committee considered the report of the Head of Corporate Policy providing a first quarter performance update (2005/06) for Best Value Performance Indicators relevant to the Corporate Aim, Ensuring Effective Corporate Leadership (for copy of report see file of Minutes).

Members were informed that of the 15 Best Value Performance Indicators relevant to Effective Corporate Leadership, 9 are within 10% of their target, 2 are better than their target by more than 10% and 4 are 10% or more worse than target.

In relation to those indicators where performance is off target, those that required particular note were as follows:-

BV116 - % of top 5% of earners from black and ethnic minority groups. Performance shows a significant fall in numbers, in part accounted for by a change in how the figure is calculated.

BV12 - Days/shifts lost to sickness. The calculation of this indicator had changed slightly and this accounts for part of the increase. However the remainder of the increase is attributable to higher sickness levels reported by services.

BV15 - Ill Health retirements. There had been an increase in the number of ill-health retirements when the target is to decrease.

BV156 - Authority buildings with disabled access. No improvement this quarter but works are commissioned for 05/06 and it is likely that we will achieve the annual target. These works will impact on the figures that are reported in quarters 3 and 4.

Resolved:-

That the report be noted.

A5 Forward Plan

The Sub-Committee considered a report of the Head of Overview and Scrutiny with updated details of the sections of the Council's Forward Plan falling within its jurisdiction (for copy of report see file of Minutes).

Resolved:-

That the report be noted.

A6 Work Programme

The Sub-Committee considered a report of the Head of Overview and Scrutiny giving an update on the work programme for the Sub-Committee (for copy see file of Minutes).

Resolved:-

That the report be noted.