

# **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 **Monday 22 May 2006** at **10.00 a.m.**

### **Present:**

**Councillor K Henderson** in the Chair.

### **Members of Sub-Committee:**

Councillors Barker, Bowman, Carroll, Forster, Holroyd, Nicholls, Tennant and Wade.

### **Other Members:**

Councillors Armstrong, Chaplow, Chapman, Gray, Hunter, Iveson and Meir.

Apologies for absence were received from Councillors Graham, Porter, Priestley, Shuttleworth and Stradling.

### **A1 Minutes**

The Minutes of the meeting held on 27 February 2006 were confirmed as a correct record and signed by the Chairman.

### **A2 Declarations of Interest**

There were no declarations of interest.

### **A3 Terms of Reference of the Sub-Committee**

The Sub-Committee considered a report from the Head of Overview and Scrutiny explaining the Terms of Reference of the Sub-Committee (for copy of report see file of Minutes).

#### **Resolved:-**

That the report be noted.

### **A4 Presentation by Stuart Crowe, County Treasurer**

The Sub-Committee considered a report, together with a presentation, by Stuart Crowe, County Treasurer giving an indication about outturn for the financial year 2005/06 (for copy of report see file of Minutes).

Members were informed that the Final Accounts have to be approved by the end of June and produced in compliance with the statement of recommended practice (for copy of final accounts timetable see file of Minutes).

In relation to outturn each Service is to report their outturn by 23 May 2006 and in relation to Service pressures it was expected that there would be an overspend in Social Care and Health and Environment (Waste and Transport) but overall the budget might be in balance.

It was emphasised that under the new system of accounting if an overspend is identified within a service then it has to be tackled with an action plan. The aim is to ensure that at the end of the financial year the authority spends no more than the provision available.

In the future it was confirmed that reports will be produced for Members in a format clearly identifying Chief Officers' responsibility/accountability for expenditure. It was also mentioned that in future reporting arrangements will combine financial data with performance data.

Councillor Barker questioned that if there is a significant overspend or underspend, what internal systems does the authority currently have to monitor/prevent these from occurring.

The Committee was informed that there are separate regimes for capital and revenue expenditure with capital receipts being used to finance the capital programme, there is a need to ensure that the capital programme is fully funded with a report being prepared showing any slippage, if the proposed capital programme cannot be funded.

With reference to the revenue side, reports are prepared on a monthly basis to the Corporate Management Team showing revenue spending and what action will be taken to bring the expenditure back in line by using virement.

However if the pressure on the Service is so great that it cannot be dealt with in Service then a corporate decision would be taken as to where savings should be made or whether contingencies should be used, such issues would be reported to the Corporate Management Team and Cabinet.

Councillor Henderson required confirmation that overspends in a Service area can be compensated by moving funding within Service (the use of virement).

The Sub-Committee was informed that there are limits in relation to the use of virement.

Councillor Henderson raised the issue of the movement of funding within service budgets which had an impact on policy and Councillor Nicholls continued by commenting that at a recent meeting of the Aids and Adaptations Working Group it was revealed that £30,000 had been taken out of funds used to support User and Carers Groups.

The Committee was of the view that where virement had an impact on policy members should be consulted.

Councillor Armstrong highlighted that in relation to Aids and Adaptations the Primary Care Trusts have deleted some of their provision in this area.

He continued that in relation to 2007/08 the settlement was not as anticipated. In relation to the Budget setting process it has been decided that this process should be brought forward with the consultation process starting in September and continuing until December with implementation in April. This revised timetable will allow for a more in-depth consultation process, with an in-depth debate.

The Members were informed that in relation to the settlement, the Authority is affected by the dampening down process which has resulted in the Authority "losing out" by £5m, this has caused the Authority to draft a question for submission to the appropriate Government Department by one of the local MPs.

The County Treasurer suggested that in relation to the future work of the Budget Working Group members may want to concentrate on one service and spend time going through the service in-depth and also during the year look at what is happening in relation to spending pressures.

Councillor Henderson suggested that Members require a list identifying those areas where the Authority does not need to provide a service/provision. It was confirmed to Members that the Authority will have to look seriously at what it does provide in order to concentrate on priorities. Members were reminded that there is an increased focus on value for money.

Councillor Armstrong continued that in relation to sustainability as costs increase to the Authority how far ahead does the Authority plan.

The Committee was informed that the Authority looks three years ahead in relation to utility service provision and that costs of increased gas and electricity provision were substantial.

Councillor Henderson then asked whether an Audit Committee would be established.

Members were informed that previously in order for the Authority to score level 3 for CPA purposes an Audit Committee was needed however this requirement has now changed and is now only necessary in order to achieve level 4. The CIPFA guidance specifies that any such Committee needs to be independent of Members of Scrutiny and the Cabinet.

Councillor Henderson continued by asking whether Overview and Scrutiny was fulfilling this role and perhaps delivering the same functions as an Audit Committee. It was confirmed that this had previously been argued by the Authority.

The Head of Overview and Scrutiny highlighted the need for the Authority to decide how the Committee will look at the Budget in the future.

**Resolved:-**

That the presentation and report be noted.

**A5 The Performance Management Report – Year End Performance 2005/06**

The Sub-Committee considered a report of the Head of Corporate Policy together with a presentation providing the End of Year Performance Update (2005/06) for Best Value Performance Indicators (BVPIs) relevant to the Corporate Aim, Ensuring Effective Corporate Leadership (for copy of report and slides of presentation see file of Minutes).

Members were informed that in relation to areas of deteriorated performance sickness absence had increased to an average of 10.03 days for 2005/06 however until the early part of 2005/06 the Authority had experienced a continuous quarter on quarter decline in sickness rate. It was emphasised that the revised Managing Sickness Absence Policy was introduced during 2005 and training for Managers is still on-going, however further analysis of this Policy may be necessary if the figures do not improve.

**Resolved:**

That the report be noted.

## A6 **Corporate Risk Management**

The Sub-Committee considered a report of the Deputy Chief Executive (Policy and Improvement) giving members an insight into the work carried out by the Corporate Risk Manager and the Corporate Risk Management Group during the year April 2005/March 2006 (for copy of report see file of Minutes).

David Marshall, Risk Manager referred Members to the summary of the most critical risks for each Service which are based on an assessment by the Service of the impact and likelihood of the risk occurring with existing controls in place.

He then explained in detail the potential risks from each Service.

In relation to the risks in Social Care and Health, Councillor Henderson commented that it would be difficult to quantify the extent of the risk.

Members were informed that it is difficult to quantify the risks, however there are a set of criteria which is applied within the individual Service area.

Councillor Wade questioned that in relation to Building Schools for the Future are there risks if the project is delayed. Members were informed that there is a risk register showing/identifying the various risks resulting from a project being delayed.

### **Resolved:-**

That the report be noted.

## A7 **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.

## A8 **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 of report see file of Minutes).

Members were informed that a project is underway to look at the County Council's Investment in Community Buildings.

### **Resolved:-**

That the report be noted.