

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 29 May, 2007** at **10.00 a.m.**

Present:

Councillor K Henderson in the Chair

Members of the Sub-Committee:

Councillors Armstrong, Barker, Bowman, Davies, N Foster, Priestley, Shuttleworth and Tennant.

Other Members:

Councillors C Carr and R Carr.

Co-opted Members:

Mrs M English and Mrs H Gibbon.

Apologies for absence were received from

Councillors Burlison and Walker.

A1 Minutes

The minutes of the meeting held on 3 April 2007 were confirmed as a correct record and signed by the Chairman.

A2 Declarations of Interest

There were no declarations of interest.

A3 Budget and Medium Term Financial Plan 08/09 – 10/11

The Sub-committee considered a report of the County Treasurer outlining a timetable for the production of the 2008/09 Budget and the Medium Term Financial Plan for 2008/09 and 2010/11 and propose the framework for budget monitoring through 2007/08 and for forecasting the 2007/08 outturn (for copy of report see file of minutes).

It was highlighted that in 2007 the County Council expects to receive from Government a three year financial settlement which will enable more detailed planning to be undertaken.

With reference to the Medium Term Financial Plan it was confirmed that the County Council on 20 February 2007 had identified a timetable to find a further £19.5m of savings for 2008/09 and £12.5m for 2009/10. In addition it is proposed that at regular intervals through the budget process, 'Budget Briefings' will continue to take place between portfolio holders, Scrutiny, Chief Officers and the County Treasurer. It was highlighted that Overview and Scrutiny Committee will need to programme its approach around the timetable with any additional requirements factored into the timetable.

With reference to budget monitoring it was confirmed that the revenue and capital budget will be monitored on a monthly basis by each of the services and reviewed centrally by the County Treasurer and reported to the Corporate Management Team. In addition reports will be presented to Cabinet on a quarterly basis for year to June, September, November (this is a two month period but facilitates the incorporation of this revised estimate into the budget process) and March with revised estimates of outturn reported to Cabinet in September and November.

With reference to savings for 07/08 members questioned clarification as to whether the savings identified have been achieved.

It was confirmed that to date no area of identified savings have been 'flagged up' as a potential problem although more information will be known in July 2007.

In relation to 2006/07 the Authority is in the process of closing off the accounts however indications show a slight underspend.

With reference to targets, concern was expressed by Members about the number particularly the additional local targets in relation to the Local Area Agreement.

Members were informed that there is a need to align Local Area Agreement targets with the Corporate Priorities of the Authority.

Councillor Henderson informed the Sub-committee that in relation to the Budget process in 2006/07 it was identified that there was a need for members to be involved in setting priorities, identify where savings can be made in statutory and non-statutory provision. He continued that a list of statutory and non-statutory services will be required to enable Members to see exactly what they are looking at, this list will then be considered within the context of the following model:

- Group One - Those items which the Authority would prefer to support, particularly those which support our main priorities (statutory)
- Group Two - Those items which do not support the main priorities of the Authority but which we would prefer to retain if possible (non-statutory)
- Group Three - Those items which could be lost or almost certainly would have to be cut in order to balance the budget.

He continued by referring to the letter which had been sent to members and co-optees urging them to become involved in the budget process by identifying what is important for our communities and what priority is given to the range of service improvement issues. He concluded by highlighting that in the past, guidance had not been given by members in relation to budget cuts.

Councillor C Carr confirmed that in his opinion this was the way forward, giving members the opportunity to advise on or determine potential savings.

Councillor Davies questioned that in relation to the £19.5m savings, is this figure the total figure and will Overview and Scrutiny be looking at the issues of Equal Pay and Job Evaluation.

Councillor Armstrong commented that the usual process involved members being presented with a list from departments identifying savings. The proposed process would allow members to be involved in the budget from the start.

The Head of Overview and Scrutiny continued that the involvement of members at the beginning of the process would allow them the opportunity to influence the budget process. In relation to the Budget Working Group, the group will look at what are statutory services and what are not, then assess which services or elements of services can be cut. It was then emphasised that this will allow members great influence in the budget process.

He continued by explaining that the process will be in three phases as follows:

- Phase 1 - 19 July Cabinet will consider a draft Medium Term Financial Plan.
- Phase 2 – Consultation process in November, an opportunity to look at the draft proposals in role of a consultee.
- Phase 3 – Post consultation in November, look at what is coming from priorities.

Councillor Armstrong emphasised that Overview and Scrutiny does not make policy, the role of the Committee is to identify priorities/make suggestions and recommendations which are then considered by the Cabinet.

Resolved:

That the recommendations contained in the report be approved.

A4 **Annual report of Risk Assessment 2006/07**

The Sub-committee considered a covering report of the Deputy Chief Executive on behalf of the Corporate Risk Management Group together with a report detailing the work of the Corporate Risk Management Group in relation to the year April 2006 – March 2007 (for copy of report see file of minutes). In addition the report request members to formally approve the Council's strategic risks for approval.

The Sub-committee was informed of the major risks to the Authority at the end of March 2007, the contents of the updated strategic risks register, summary of the changes to major risks in 2006/07, business continuity, the review by internal audit of risk management and emerging risks.

Members requested clarification as to whether the 'Authority' was moving in the right direction and that risks are being managed.

It was confirmed that the Authority is moving in the right direction in relation to risks with the appropriate management systems in place.

Councillor N Foster asked if any consideration had been given to reports from the Commission for Social Care Inspection (CSCI) in relation to our reporting on risk.

The Head of Overview and Scrutiny informed members that Rachael Shimmin, Corporate Director for Adult and Community Services will be attending the next meeting of the Strong, Safe and Health Communities Sub-Committee and suggested that this issue could be raised at that meeting.

With reference to the recently established Audit Committee, Councillor C Carr requested clarification as to it's role, and would duplication not occur with the work of Overview and Scrutiny and the work of the Audit Committee.

The Sub-committee was informed by the Head of Overview and Scrutiny that a meeting was to be held shortly to discuss the terms of reference for the Audit Committee however the Audit Committee's function focuses on internal controls with the function of Overview and Scrutiny looking at internal policy and review. It was highlighted that a report will be submitted to the Overview and Scrutiny Committee on the role/function of the Audit Committee, the parameters of the Committee's remit.

Members continued by suggesting that there is a need for a clear definition in relation to those members who can serve on the Audit Committee.

Resolved:

That the report be noted.

A5 Report of the Community Buildings Scrutiny Working Group

The Sub-committee considered the report of the Community Buildings Scrutiny Working Group (for copy of report see file of minutes).

Members were informed that the Working Group had met over a seven month period with evidence taken from a range of public, private, voluntary and community organisations.

It was highlighted that the report contains a number of recommendations for which Cabinet approval is being sought. In addition Cabinet will be invited to respond within six months of a Cabinet decision being taken on progress towards implementing the recommendations.

Resolved:

That the report be approved and submitted to Cabinet Briefing and Cabinet for consideration.

A6 Year End Performance 2006/07

The Sub-committee considered a report of the Head of Corporate Policy providing an update of 2006/07 year end performance for the Authority's Corporate priorities and Best Value Performance Indicators relevant to the Corporate Aim, ensuring Effective Corporate Leadership together with the process of finalising the end of year performance 2006/07 (for copy of report see file of minutes).

It was emphasised that there are 17 Best Value Performance Indicators relevant to the Corporate Aim, Ensuring Effective Corporate Leadership, 47% (8) of these indicators improved on their final outturn of 2005/06 during 2006/07, 12% (2) remained static and 41% (7) deteriorated.

However, it should be noted that only 4 indicators (24%) achieved the target set for 2006/07, two of those with static performance.

In relation to areas of deteriorated performance, members expressed concern that satisfaction with the Council overall had dropped from 52% in 2003/04 to 48% in 2006/07. It was highlighted that customer satisfaction will be included in the next round of the Comprehensive Performance assessment.

It was confirmed that this 4% point decline in satisfaction reflects a national downward trend. The average score for all English authorities in 2006/07 was 51% and 50% for counties. It was highlighted that there will be an influx in how customer satisfaction is recorded, there is a need for information to be gathered from those individuals receiving services. In addition it was suggested that members be made aware of the action to be taken to improve customer satisfaction.

In relation to targets, members expressed concern about the number and flexibility of current targets.

It was agreed that a workshop on "how targets are set" and "measured" be arranged. This would assist members to better understand and contribute to target setting.

Resolved:

That the report be noted.

A7 Budget Definitions Leaflet

Members noted a leaflet containing budget definitions circulated at the meeting (for copy see file of minutes).