

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 28 August 2007** at **10.00 a.m.**

Present:

Councillor K Henderson in the Chair

Members of the Sub-Committee:

Councillors Barker, Burlison, Davies, N Foster, Holroyd, Shuttleworth, Stradling, Tennant, Wade and Walker.

Other Members:

Councillors Coates, Forster and Pendlebury

Apologies for absence were received from Councillors Graham and Fergus.

A1 Minutes

The Minutes of the meeting held on 29 May, 2007 were confirmed as a correct record and signed by the Chairman.

A2 Declarations of Interest

There were no declarations of interest.

A3 Quarter 1 2007/08 Performance

The Sub-Committee considered a report of the Head of Corporate Policy together with a presentation providing an update of quarter 1 performance for the authority's priorities for improvement and the Best Value Performance Indicators (BVPs) 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 there is only one indicator aligned to Ensuring Effective Corporate Leadership included in the authority's priorities for improvement. This is indicator BV12, the number of working days lost to the Local Authority due to sickness absence. The performance of this indicator has continued to improve from 2006/07, it has achieved its quarter 1 target and is expected to meet its 2007/08 year-end target.

With reference to performance relating to indicators relevant to the Corporate Aim, Ensuring Effective Corporate Leadership, 6 have improved, 5 have been maintained and 4 have deteriorated.

In relation to improved performance in BVPI's which achieved Q1 target this included the following indicators:-

- % of top-paid 5%: women (11a)
- % of top-paid 5%: disability (11c)
- Racial incidents (174)
- Days lost to sickness (12)

In relation to those BVPI's which had deteriorated from the year end and did not achieve Q1 target, they are as follows:-

- % of top-paid 5%: ethnic minority (11b)
- Employees with a disability (16a)
- Employees from ethnic minority communities (17a)
- Early retirements (14)

With reference to sickness absence it was highlighted by members that in relation to Adult Care, Libraries, Learning and Culture and Community Support there is a need to reduce the level of sickness as the days lost per FTE exceed the target for the Authority.

Councillor Coates, Chairman of the Human Resources Committee informed members that there was a joint exercise to be undertaken by Overview and Scrutiny and Human Resources members looking into stress related sickness absence.

It was confirmed that much detailed work had been undertaken in relation to sickness absence, and improving policies. However, it was highlighted that sickness absence levels are generally higher in the North East than other regions within the Country.

With reference to the figures for sickness level 5 it was confirmed that the Authority would need to reduce the days lost per Council FTE employee to 8 days in order to be in the top quartile.

Members expressed concern about the effects of long-term sickness absence in relation to clients and colleagues having to provide cover.

With reference to other performance indicators which have deteriorated, the number of employees that report taking early retirement (BV 14) during quarter 1 had increased. It was highlighted that performance in relation to this indicator had been influenced by a drop in the number of schools and pupils, resulting in reduced budgets and smaller staff numbers. In addition, the Council has also faced general budget cuts. However these proposals all had been booked by business cases.

In relation to best value indicator 16a, the percentage of employees with a disability, positive efforts are continuing to improve the quality of information available with regard to staff declaring a disability. It is anticipated that more comprehensive data will be available once the information is transferred to Resource Link.

Resolved:

- (i) That the report be noted.
- (ii) That a review of the recommendations of the Sickness Absence Scrutiny Working Group which looked at the issue of absence rates in Social Care and Health be undertaken with feedback given to Members at a future meeting.

A4 Corporate Risk Management

The Sub-Committee considered a report of the County Treasurer on behalf of the Corporate Risk Management Group informing Members of the Risk Management update report presented to Cabinet on 16 August 2007 which gives an insight into the work carried out by the Corporate Risk Manager and the Corporate Risk Management Group during the period April - June 2007.

Members were informed by the County Treasurer that during the current quarter, a new member risk champion was designated (Deputy Leader, Councillor Clive Robson) and a new Executive risk Champion was also designated (County Treasurer, Stuart Crowe).

Members were informed that the major risks to the Council at the end of June, 2007 were the same as in the previous quarter, single status, job evaluation, Building Schools for the Future, the Waste Management Contract and failure to improve educational attainment of children in public care.

With reference to this quarter, as part of the 2006/07 Internal Audit Plan, the Council's Risk Management process had been reviewed by internal audit, using the CIPFA Risk Management Framework as the basis for the audit. A report was issued in June 2007 which concluded that, in general, the Council was successfully embedding risk management within its business planning and wider business processes, but improvements could be made, which were outlined in a number of recommendations.

The Corporate Risk Management Group will manage the implementation of actions to meet these recommendations, benchmarked against the CIPFA Risk Management Framework, the Council's risk maturity is at level 3 (Risk defined).

With reference to moving forward, Local Government Review will have a major impact on the work of risk management with training courses for all members and separate courses for appropriate staff arranged for July and August 2007.

In relation to Local Government Review, members questioned the level of budget risk for the Authority.

Members were informed that there are a number of judicial reviews which need to be resolved, legislation has to be passed before we can move towards Unitary Government. In addition it was highlighted that to date no guidance has been given by Government as to how the 'New Authority' would construct its budget.

In relation to the major risks facing the Authority, clarification was requested about what action was currently being undertaken to prevent currently identified major risks from becoming catastrophic.

It was confirmed the risks are being managed appropriately with measures in place to try and prevent the risk from increasing to the next level. In relation to equal pay, the union (GMB) had been successful in a court case and this matter was currently in the hands of solicitors.

With reference to the financial position of any new unitary authority it was highlighted by Members that a risk may exist to the 'new authority' if existing authorities decide to spend their current reserves. Members were advised that, once the judicial reviews have been dealt with, if a new unitary authority is to come into operation, it is likely that financial constraints will be placed on the various authorities in the run up to local government re-organisation.

Concerning the latest turbulence in the financial markets clarification was sought by members that 'borrowing' by the Authority for building schools for the future (BSF) would not be affected. Members were informed that the recent turbulence in the money markets was a short term problem which is currently helping the Authority by giving positive interest returns. It was confirmed that the Authority would not have a problem in raising finance for Building Schools for the future, as this involved dealing in different markets.

With reference to the Magique Risk Management software, for risk assessment, members requested clarification as to how this system would link in with the Performance Plus system.

Members asked whether future reports about risk could include information providing an update about how the risk was currently being handled/managed.

With reference to paragraph 3 of the report, Councillor Henderson requested clarification about the approach to managing commercial relationships and projects. It was confirmed that the Authority does not currently have a standard approach, but that corporate procurement was taking the lead role in addressing this issue.

Resolved:

- (i) That the report be noted.
- (ii) That future reports provide an update on how major risks are being handled/managed.

A5 Update on Budget Process/Medium Term Financial Plan

The Sub-Committee considered an update on the budget process and Medium Term Financial Plan by the County Treasurer.

Members were informed that Chief Officers are currently in the process of reviewing the assumptions they had made in February to ascertain whether the position was the same, or if it had changed in order to try and reduce the extent of savings required for 2008/09.

With reference to the assumption previously made it was confirmed that some have turned out better than originally anticipated, i.e. insurance and energy costs.

In addition members were informed that Chief Officers have been asked to plan for a Council Tax increase of 3.9%. It was highlighted that Government now expects the Authority to identify Council Tax increases for a three year period.

It was confirmed that the Authority will consult on the Medium Term Financial plan in late October to early November.

Resolved:

That the information be noted.

A6 Medium Term Improvement Priorities, focus on 'Effective Corporate Leadership'

The Head of Corporate Policy circulated a paper to members identifying the Corporate Management priorities which were set following the peer review which was conducted in December 2006 (for copy of paper see file of minutes).

With reference to Community and Customer focus it was highlighted that if the Authority wants to promote the services it provides locally then it should also promote/publicise the role of the local member, thereby helping local communities link together the work of the member and the work of the Authority.

It was suggested that if members have any issues relating to the priorities stated then they should contact the Head of Corporate Policy directly in the next few weeks.

Resolved:

- (i) That the priorities be noted.
- (ii) That members contact the Head of Corporate Policy directly should they have any issues relating to the priorities identified.