

BABERGH DISTRICT COUNCIL

From: Head of Corporate Organisation

Report Number: L168

**To: Overview and Scrutiny
(Stewardship) Committee**

Date of Meeting: 20 March 2012

ANNUAL REPORT OF THE OVERVIEW AND SCRUTINY (STEWARDSHIP) COMMITTEE

1. Purpose of Report

- 1.1 This paper provides a basis for the Committee's Annual Report to Council.
- 1.2 In accordance with the Constitution, the Committee must report annually to Council on its work during the last year and make recommendations for future work programmes and if appropriate, amended working methods.

2. Recommendation

- 2.1 That the Head of Corporate Organisation, in consultation with the Committee Chairman, complete the Committee's Annual Report for submission to the next meeting of Council based upon this report and the Committee's views.

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 There have been no financial implications to date other than the costs of officer time and normal allowances for Members that are included in the budget.
- 3.2 Any development of the work of in-depth scrutiny, including items such as the payment of out of pocket expenses for expert and other witnesses, can be accommodated within existing budgets for 2012/13. The position for future years will be addressed through the Strategic Financial Planning Process, if that is necessary.

4. Risk Management

- 4.1 This report is an update on work completed during 2011/12, together with a draft programme for 2012/13. Risk management considerations for individual topics will be included in reports to the Committee as the year progresses.

5. Consultations

- 5.1 Officers and Members were invited to identify any topics for consideration during 2012/13.

6. Equality Analysis

- 6.1 There are no equality implications with this report. Equality analysis considerations for individual topics will be included in reports to the Committee as the year progresses.

7. Shared Service/Partnership Implications

- 7.1 A Joint Scrutiny Committee has been established to keep the overall implementation plan under review. Shared Service/Partnership implications for individual topics will be included in reports to the Committee as the year progresses.

8. Key Information

8.1 Work in 2011/12

The following is a summary of the Committee's main achievements during the year:

- a) Quarterly reports have been received providing the Committee with an exception-based strategic assessment of the Council's achievements across a range of areas including Finance, Risk Management and various aspects of Performance linked to the 2011/12 Delivery Plan. The following were among the points discussed:
- Contaminated land – information requested on the amount of contaminated sites in the Babergh area
 - Planning appeals allowed against the authority's decision to refuse a planning application – refer this issue and associated performance concerns to Development Committee
 - Planning Performance – Development Committee to be requested to provide information to this Committee on management of planning performance
 - Average time to re-let local authority housing – refer the issue of voids management to the Housing Panel
 - Annual review of performance indicators for 2012/13 should consider the relevance of the measures to core activities of the Council and the potential cost implications of increasing performance
 - A cleaner and greener Babergh – provide a list of which open space sites are failing to meet target.
- b) The Committee considered the External Auditor's (PKF) proposed Audit Fee for 2011/12. The proposed fee for 2011/12 (excluding grant claims work) represents, as stipulated by the Audit Commission, a 5% reduction on the previous year. Representatives from PKF were present for this item to answer questions from Members. The following were among the points noted:
- Babergh and Mid Suffolk have submitted a joint response outlining that the proposed reduction does not go far enough as it does not reflect the reduction in work associated with the ending of the comprehensive assessment
 - Discussions have also taken place between PKF and the Director of Finance on the fee which is higher than some other Councils in Suffolk, particularly Mid Suffolk. However PKF did not feel that their fee could be reduced further. They have suggested, however, that internal audit could do grant claims work if that was agreed and that such an approach would reduce fee/costs overall. They also indicated their willingness and desire to look at ways of achieving further fee reductions in future years.

- c) The Committee has considered the External Auditor's (PKF) Annual Governance Report. Also their Annual Audit Letter for 2010/11 and the Grant Claim Certification Report for the year ended 31 March 2011. Representatives from PKF were present for these items to answer questions from Members. The following were among the points noted:
- Fees for 2011/12 have reduced by 10%
 - Discussions are taking place regarding the Council's Internal Audit team possibly taking over some of the Housing and Council Tax benefit subsidy claim checks.
- d) A considerable amount of work has been undertaken by the Strategic Financial Planning (SFP) Task Group and the Overview and Scrutiny Committees to identify savings, efficiencies and additional income generation. A joint meeting of the two Overview and Scrutiny Committees was held and the key budget options for 2012/13 were scrutinised. The Committee's views on the key issues were reported to Strategy Committee and other suggestions for savings included:
- Increase the brown bins charge
 - Increasing charges generally by 5% not 3%
 - Establish Trusts/Community Interest Companies to save Business Rates
 - Use of office space
 - Procurement Task Group to assess savings opportunities at their next meeting.
- e) The Committee considered the Annual Treasury Management Report for 2010/11. Also the mid-year report which provided the Committee with a comprehensive assessment of Treasury Management activities for the half-year and reporting on the performance of the Prudential Indicators which were set in the 2011/12 Management Strategy.
- f) The Committee considered the Draft Treasury Management Strategy for 2012/13 setting out the Annual Investment Strategy for managing surplus funds and the borrowing strategy in accordance with the revised CIPFA Treasury Management Code of Practice in the Public Services (2011 edition), including managing the additional Council Housing debt as a result of the Government's self-financing reforms. Representatives from the Council's Treasury Advisors (Arlingclose Ltd) were present for this item to answer questions from Members.
- g) The Internal Audit annual report for 2010/11 was considered which outlined the Head of Audit's opinion on the overall adequacy and effectiveness of the Council's internal control environment and a summary of audit work undertaken to formulate that opinion.
- h) The Interim Internal Audit Report for 2011/12 was considered informing the Committee of work undertaken by Internal Audit for the period 1 April to 30 September 2011 and the results from reviews completed to date.

- i) The Committee considered a report outlining the current arrangements in place to ensure there is a proactive corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. The report also provided details of proactive work undertaken by Internal Audit and the Fraud Team to deter, prevent and detect fraud and corruption. It was noted that the public will be made aware of any changes to legislation that would have an impact on them.
- j) The Committee considered whether Article 7.02 of the Councils Constitution should be amended to allow Members of Strategy Committee to substitute for Members of Overview and Scrutiny Committees, and vice versa. Also Article 7.02 states that all Group Leaders shall be Members of the Strategy Committee subject to political balance requirements and Deputy Group Leaders shall be named substitutes for Group Leaders unless a Deputy Group Leader is already a Member in his/her own right in which the Group Leader may appoint another substitute. The Committee gave consideration to the amendment of the Constitution and did not agree to Members of Strategy Committee being able to substitute for Members of Overview and Scrutiny Committees and vice versa or felt it appropriate to remove the requirement in Article 7.02 of the Constitution that Deputy Group Leaders must be named substitutes for Group Leaders on Strategy Committee.
- k) The Committee considered an annual report providing an update on progress of the third year of the Procurement Strategy Action Plan included in the Council's Procurement Strategy and Framework document (2008-2011). It was noted that further work is being undertaken with Mid Suffolk District Council and the Countywide Procurement Group on future plans and that these would be reflected in subsequent updates.
- l) The Committee approved the Annual Governance Statement (AGS) for 2010/11. It was noted that the AGS had been revised to further reflect the integration of the Council's governance arrangements with Mid Suffolk District Council in 2010/11 and beyond.
- m) The Committee scrutinised the 2010/11 Statement of Accounts and the following were among the points raised:
 - o Pension fund – further details required on age, salary and valuation basis
 - o HRA – Rental figures and increase in average rent needed clarifying
 - o Asset Valuations – clarification required on individual assets.

Members also indicated that a workshop on the Statement of Accounts should be organised to consider issues raised and that a report on the Pension Fund should be submitted to a future meeting of the Committee.

- n) The Committee considered a report outlining the Pension Fund position in relation to the potential for any savings or reductions in employer contributions over the next 3 years and the impact of reducing staffing levels as part of the integration and transformation programme. The Corporate Finance Manager from Suffolk County Council and the Chairman of the Babergh Branch of Unison were present for this item and answered questions from Members. The following were among the questions and issues raised:

- Having already fixed actuarial contributions for the next 3 years, is there any scope to revisit this and therefore reduce Babergh's extra payments into the Pension Fund?
 - Investment Strategy, matching liabilities/assets and any cross-subsidy between Councils
 - Differences between the Financial Reporting Standard 17 (FRS17) pension figures in the Statement of Accounts and the actuarial assumptions
 - Statutory requirements regarding the LGPS and funding
 - The current national dispute on pension benefits and employer contributions increasing.
- o) The Committee monitored formal complaints for 2010/11, including those referred to the Local Government Ombudsman.
- p) The Committee scrutinised an application for authorisation of surveillance activities under RIPA in accordance with the revised Codes of Practice provided by the Home Office.

8.2 Work Plan for 2012/13

Appendix 1 sets out a list of items of work that Members and Officers have identified for consideration by the Committee during 2012/13. It is recommended that Members should identify which, if not all, of the matters they consider should be addressed by the Committee in 2012/13 and importantly, what other areas it thinks should be considered for inclusion in the work programme. If any such areas are identified, an assessment sheet will need to be completed, a copy of which is attached at Appendix 2. In doing so, Members are asked to consider the principles of PICK analysis which have been approved by the Committee. A summary is attached at Appendix 3. Further guidance on the selection of issues for inclusion in the annual work programme can be found in the Overview and Scrutiny Handbook.

9. Appendices

Title	Location
Appendix 1 – Overview and Scrutiny (Stewardship) Committee: Proposed Work Plan for 2012/13	Attached
Appendix 2 – Planning Assessment Sheet	Attached
Appendix 3 – PICK Analysis	Attached

10. Background Documents

None.

Authorship:

Karen Sayer
Democratic Services Officer

Tel: 01473 826652
Email: karen.sayer@babergh.gov.uk

BABERGH DISTRICT COUNCIL

From: Head of Corporate Organisation Report Number:

**To: Overview and Scrutiny
(Stewardship) Committee Date of Meeting:**

DRAFT WORK PLAN FOR 2012/13

DATE OF COMMITTEE – 15 MAY 2012

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Joint Internal Audit Report 2011/12	To consider the outcomes of the audit work in 2011/12	Decision	John Snell
External Audit Fee 2012/13	To consider fees	To be determined	Barry Hunter
Finance, Risk and Performance Management 2011/12 Quarter 4 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

DATE OF COMMITTEE – 17 JULY 2012

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
2011/12 Annual Governance Statement	To consider and review 2011/12 statement	To be determined	John Snell

DATE OF COMMITTEE – 20 SEPTEMBER 2012

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
External Auditors Annual Governance Report	To consider findings	To be determined	Barry Hunter
Finance, Risk and Performance Management 2012/13 Quarter 1 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Pension Fund	Update on funding	To be determined	Barry Hunter

DATE OF COMMITTEE – 13 NOVEMBER 2012

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Joint Internal Audit Mid-Year Review	To consider current position	Decision	John Snell
Finance, Risk and Performance Management 2012/13 Quarter 2 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

**DATE OF COMMITTEE – 11 DECEMBER 2012
JOINT MEETING WITH OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES) COMMITTEE (IF REQUIRED)**

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Report of the Strategic and Financial Planning Task Group	To consider the Group's recommendations	To be determined	Barry Hunter

DATE OF COMMITTEE – 22 JANUARY 2013

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
External Inspection and Audit Reports (Annual Audit Letter and Audit Plan)	To consider findings	To be determined	Barry Hunter

DATE OF COMMITTEE – 19 MARCH 2013

Topic	Purpose	Decision or Recommendation to Strategy/Council	Lead Officer
Annual Report	To consider draft Annual Report for 2012/13	Recommendation to Council	Steve Ellwood
Joint Internal Audit Plan 2013/14 with MSDC	To consider proposed Internal Audit Plan for the next financial year	Decision	John Snell
External Auditors Grant Claim Report	To consider findings	To be determined	Barry Hunter
Finance, Risk and Performance Management 2012/13 Quarter 3 Report	To monitor key budget, risk and performance issues	To be determined	Sue Smith John Snell and Jon Seed

Authorship:

Karen Sayer
Democratic Services Officer

Tel: 01473 826652
Email: karen.sayer@babbergh.gov.uk

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OVERVIEW AND SCRUTINY () COMMITTEE

PLANNING ASSESSMENT SHEET FOR REVIEWS

What is to be reviewed?	
Why?	
What benefits are expected?	
What needs to be examined and asked?	
Documents/evidence/research <i>What?</i> <i>Why?</i>	Questions to be asked
Site visits <i>Where?</i> <i>Why?</i>	Questions to be asked
Consultation <i>Who/what?</i> <i>Why?</i>	Questions to be asked
Witnesses <i>Who?</i> <i>Why?</i>	Questions to be asked
What resources will be needed for the review?	
Over what period should it be carried out?	Start Complete
Who will be the lead officer?	

PICK ANALYSIS

In developing its annual work programme, Overview and Scrutiny Committees should be clear about the reasons for selecting particular issues and what they are seeking to achieve.

The list of topics and issues for the work programme can be a very long one if not careful. Some councils use an idea called PICK to prioritise the types of issues to choose. PICK stands for:

- P Public Interest
- I Impact
- C Council Performance
- K Keep it Context

P for Public Interest

Councillors are the eyes and ears of the public, ensuring that the policies, practices and services delivered by both Babergh District Council and external organizations, are meeting local needs and to an acceptable standard. The concerns of local people should therefore influence the issues chosen for scrutiny.

I for Impact

Scrutiny is about making a difference to the social, economic and environmental well-being of the area. Not all issues of concern will have equal impact on the well-being of the community. This should be considered when deciding the work programme and priority be given to those issues that have more impact.

C for Council Performance

Scrutiny is about improving performance and ensuring the people of Babergh are served well. Councillors will need good quality information to identify areas of poor performance both within the Council and externally. There are no shortage of Performance Indicators available in the public service arena, both national and local, although the quality and relevance will vary. There is a need to select the most relevant performance indicators and to seek an interpretation of results.

K for Keep it in Context

To avoid duplication or wasted effort priorities should take account of what else is happening in the areas being considered. Is there a Best Value Review happening or planned? Is the service about to be inspected by an external body? Are there major legislative or policy initiatives already resulting in change? If these circumstances exist councillors may decide to link up with other processes (e.g. Best Value Review) or defer a decision until the outcomes are known or conclude that the other processes will address the issues.

PICK CHECKLIST

More “ticks” across all four categories indicates that the topic is more suitable for in depth review.

<p>Public Interest</p> <ul style="list-style-type: none"> <input type="checkbox"/> There is evidence of significant public interest in this topic <input type="checkbox"/> It is a “high profile” topic for specific local communities or communities of interest <input type="checkbox"/> This is an area where we received a lot of complaints and / or bad press <input type="checkbox"/> The review will need to include participatory events and opportunities for local people and / or organizations to have their say <input type="checkbox"/> Substantial survey or research work is required
<p>Impact</p> <ul style="list-style-type: none"> <input type="checkbox"/> This review will have a significant impact on the “well being” of Babergh <input type="checkbox"/> A local community or community of interest have much to gain or lose <input type="checkbox"/> Work is needed to develop the routes to influencing change (e.g. with partners) <input type="checkbox"/> This could make a big difference to the way services are delivered <input type="checkbox"/> This could make a big difference to the way resources are used
<p>Council Performance</p> <ul style="list-style-type: none"> <input type="checkbox"/> The Council and / or other organizations are not performing well in this area <input type="checkbox"/> We do not understand why our performance differs from others <input type="checkbox"/> We are performing well but spending too much money in this area <input type="checkbox"/> There are few local or national performance measures / targets for this service <input type="checkbox"/> This service is fundamental to the achievement of Council objective(s)
<p>Keep in Context</p> <ul style="list-style-type: none"> <input type="checkbox"/> This service will not be part of a BV Review or external inspection in the next 2 years <input type="checkbox"/> This service will be reviewed or inspected soon but Scrutiny can make a positive contribution by focusing on key areas of interest and making recommendations <input type="checkbox"/> This service has not been recently reviewed or inspected <input type="checkbox"/> There are no current major changes to service that reduce or pre-empt the value of review <input type="checkbox"/> Service changes are planned and Scrutiny can positively influence change