

A G E N D A

Strategic Monitoring Committee

Date: **Thursday, 20th July, 2006**

Time: **2.30 p.m. (or on the conclusion of
Cabinet if later)**

Place: **The Council Chamber,
Brockington, 35 Hafod Road,
Hereford**

Notes: Please note the **time, date** and **venue** of
the meeting.

For any further information please contact:

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e-mail tbrown@herefordshire.gov.uk

**County of Herefordshire
District Council**

AGENDA

for the Meeting of the Strategic Monitoring Committee

To: Councillor T.M. James (Chairman)
Councillor Mrs. P.A. Andrews (Vice-Chairman)

Councillors B.F. Ashton, W.L.S. Bowen, H. Bramer, A.C.R. Chappell,
J.H.R. Goodwin, Mrs. M.D. Lloyd-Hayes, J.P. Thomas and W.J.S. Thomas

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1. APOLOGIES FOR ABSENCE	
To receive apologies for absence.	
2. DECLARATIONS OF INTEREST	
To receive any declarations of interest by Members in respect of items on this agenda.	
3. MINUTES	1 - 8
To approve and sign the Minutes of the meeting held on 26th June, 2006.	
4. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY	
To consider suggestions from members of the public on issues the Committee could scrutinise in the future.	
5. REVIEW OF THE CONSTITUTION	9 - 22
To consider revisions to the Constitution.	

PUBLIC INFORMATION

HEREFORDSHIRE COUNCIL'S SCRUTINY COMMITTEES

The Council has established Scrutiny Committees for Adult Social Care and Strategic Housing, Childrens' Services, Community Services, Environment, and Health. A Strategic Monitoring Committee scrutinises corporate matters and co-ordinates the work of these Committees.

The purpose of the Committees is to ensure the accountability and transparency of the Council's decision making process.

The principal roles of Scrutiny Committees are to

- Help in developing Council policy
- Probe, investigate, test the options and ask the difficult questions before and after decisions are taken
- Look in more detail at areas of concern which may have been raised by the Cabinet itself, by other Councillors or by members of the public
- "call in" decisions - this is a statutory power which gives Scrutiny Committees the right to place a decision on hold pending further scrutiny.
- Review performance of the Council
- Conduct Best Value reviews
- Undertake external scrutiny work engaging partners and the public

Formal meetings of the Committees are held in public and information on your rights to attend meetings and access to information are set out overleaf

PUBLIC INFORMATION

Public Involvement at Scrutiny Committee Meetings

You can contact Councillors and Officers at any time about Scrutiny Committee matters and issues which you would like the Scrutiny Committees to investigate.

There are also two other ways in which you can directly contribute at Herefordshire Council's Scrutiny Committee meetings.

1. Identifying Areas for Scrutiny

At the meeting the Chairman will ask the members of the public present if they have any issues which they would like the Scrutiny Committee to investigate, however, there will be no discussion of the issue at the time when the matter is raised. Councillors will research the issue and consider whether it should form part of the Committee's work programme when compared with other competing priorities.

Please note that the Committees can only scrutinise items which fall within their specific remit (see below). If a matter is raised which falls within the remit of another Scrutiny Committee then it will be noted and passed on to the relevant Chairman for their consideration.

2. Questions from Members of the Public for Consideration at Scrutiny Committee Meetings and Participation at Meetings

You can submit a question for consideration at a Scrutiny Committee meeting so long as the question you are asking is directly related to an item listed on the agenda. If you have a question you would like to ask then please submit it **no later than two working days before the meeting** to the Committee Officer. This will help to ensure that an answer can be provided at the meeting. Contact details for the Committee Officer can be found on the front page of this agenda.

Generally, members of the public will also be able to contribute to the discussion at the meeting. This will be at the Chairman's discretion.

(Please note that the Scrutiny Committees are not able to discuss questions relating to personal or confidential issues.)

Remits of Herefordshire Council's Scrutiny Committees

Adult Social Care and Strategic Housing

*Statutory functions for adult social services including:
Learning Disabilities
Strategic Housing
Supporting People
Public Health*

Children's Services

Provision of services relating to the well-being of children including education, health and social care.

Community Services Scrutiny Committee

*Libraries
Cultural Services including heritage and tourism
Leisure Services
Parks and Countryside
Community Safety
Economic Development
Youth Services*

Health

*Planning, provision and operation of health services affecting the area
Health Improvement
Services provided by the NHS*

Environment

*Environmental Issues
Highways and Transportation*

Strategic Monitoring Committee

*Corporate Strategy and Finance
Resources
Corporate and Customer Services
Human Resources*

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- Inspect agenda and public reports at least five clear days before the date of the meeting.
- Inspect minutes of the Council and all Committees and Sub-Committees and written statements of decisions taken by the Cabinet or individual Cabinet Members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting. (A list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public Register stating the names, addresses and wards of all Councillors with details of the membership of Cabinet and of all Committees and Sub-Committees.
- Have a reasonable number of copies of agenda and reports (relating to items to be considered in public) made available to the public attending meetings of the Council, Cabinet, Committees and Sub-Committees.
- Have access to a list specifying those powers on which the Council have delegated decision making to their officers identifying the officers concerned by title.
- Copy any of the documents mentioned above to which you have a right of access, subject to a reasonable charge (20p per sheet subject to a maximum of £5.00 per agenda plus a nominal fee of £1.50 for postage).
- Access to this summary of your rights as members of the public to attend meetings of the Council, Cabinet, Committees and Sub-Committees and to inspect and copy documents.

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- The nearest bus stop to Brockington is located in Old Eign Hill near to its junction with Hafod Road. The return journey can be made from the same bus stop.

If you have any questions about this agenda, how the Council works or would like more information or wish to exercise your rights to access the information described above, you may do so either by telephoning the officer named on the front cover of this agenda or by visiting in person during office hours (8.45 a.m. - 5.00 p.m. Monday - Thursday and 8.45 a.m. - 4.45 p.m. Friday) at the Council Offices, Brockington, 35 Hafod Road, Hereford.



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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

BROCKINGTON, 35 HAFOD ROAD, HEREFORD.

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COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL

MINUTES of the meeting of Strategic Monitoring Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Monday, 26th June, 2006 at 10.00 a.m.

Present: Councillor T.M. James (Chairman)
Councillor Mrs. P.A. Andrews (Vice Chairman)

Councillors: B.F. Ashton, A.C.R. Chappell, J.H.R. Goodwin,
Mrs. M.D. Lloyd-Hayes, J.P. Thomas and W.J.S. Thomas

In attendance: Councillors J.W. Edwards, Mrs. J.P. French, R.J. Phillips,
D.W. Rule MBE and R.M. Wilson (Cabinet Member - Resources)

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors H. Bramer and W.L.S. Bowen.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

RESOLVED: That the minutes of the meeting held on 10th April, 2006 be confirmed as a correct record and signed by the Chairman.

4. SUGGESTIONS FROM MEMBERS OF THE PUBLIC ON ISSUES FOR FUTURE SCRUTINY

There were no suggestions from Members of the Public.

5. PERFORMANCE MANAGEMENT

(A) The Council's Overall Performance Improvement Plan

The Committee considered the Council's Overall Performance Improvement Action Plan and the proposed arrangements for reporting progress against it to Committee.

Councils are required to produce an overall performance improvement action plan following Comprehensive Performance Assessment, including Corporate Performance Assessment and Joint Area Review of Services for Children and Young People (JAR). Following its Comprehensive Performance Assessment in the autumn of 2005, the Council produced the Action Plan set out at Appendix 1 to the report. Following discussion with the Government Office for the West Midlands, the Audit Commission and the Commission for Social Care Inspection the action plan was approved by Cabinet on 27th April, 2006.

Reports on progress against the Overall Plan are being made on an exceptions basis to Cabinet as part of the normal Integrated Performance Report (IPR). The first such report was included in the IPR to the end of May, and was the subject of a

later agenda item.

The Audit Commission will be reviewing the Council's progress in implementing the Overall Plan, initially in September 2006.

On scrutinising the Overall Improvement Plan the Committee noted the following principal points.

- That as further performance elements were confirmed they would be added to the plan. This had already been done for the Children's Service elements of the Plan, with particular importance attached to the indicators and performance against the targets that related to the safeguarding of children.
- A number of local targets had been included so that significant over or under achievement against national comparators would trigger areas for concern.
- On a suggestion that the percentage of children adequately housed could be added to the key children's safeguarding performance indicators, it was noted that housing targets were included in other sections of the plan.
- With regard to the reference to the Constitutional Review Working Group in Section 4 of the plan there was a question on whether Cabinet portfolios were now aligned with Council's priorities. Scrutiny would be looked at with a view to strengthening its performance management and enquiry work.

RESOLVED:

- That**
- (a) the Council's Overall Performance Improvement Action Plan be noted;**
 - (b) the proposed arrangements for reporting progress against the Plan to the Committee be noted;**
- and**
- (c) progress against the Plan be noted as part of its consideration of the separate item on the Integrated Performance Report to the end of May 2006.**

(B) The Council's Performance Improvement Cycle

The Committee was invited to consider the Council's Performance Improvement Cycle and have regard to it in developing the scrutiny programme.

In accordance with the Council's Overall Performance Improvement Plan the previous corporate planning and budget processes had been brought together to ensure that there was a direct relationship at all stages between the planning of budgets (and other resources) and the outputs and outcomes they were allocated to achieve. The core elements of the performance improvement cycle were shown in Appendix 1 to the report. This year the cycle had not been implemented in full for the reasons set out in the report. The Plan would contribute to the medium term financial strategy and provide the basis for performance monitoring.

RESOLVED:

- That**
- (a) the new Performance Improvement Cycle be noted;**

and

- (b) regard continue to be had to the Performance Improvement Cycle in the development of the scrutiny programme.

(C) Integrated Performance Report – 2005/06 End-of-Year Report

The Committee received reports on:

- (a) performance for the operating year 2005-06 against the Annual Operating Plan 2005-06;
- (b) the full set of Best Value Performance Indicators (BVPs); and
- (c) the capital budget position and corporate risks.

The report to Cabinet on 15th June 2006, covering the above suite of reports had previously been issued to Members.

The Corporate Policy and Research Manager highlighted that there were 25 indicators within the Annual Operating Plan that were linked to the LPSA2G, of which 17 had been marked as not having gone to plan, compared with 24 to January 2006. Although outturn performance had been reported against some of these indicators, they were still judged to be failing because, in the majority of cases, no target had been set. He also highlighted that of the Best Value Performance Indicators 58% had either improved or maintained performance compared to 57% last year. 36% had deteriorated, compared with 43% in 2004-05. Information was awaited on 6% of the indicators. He reported that Capital budget monitoring was the subject of a later agenda item. Corporate risk monitoring was set out at Appendix D to the report and 'new risks', principally in Adult Social Care and Children's Services, had been detailed in the report.

RESOLVED: That the report be noted.

(D) Final Revenue Outturn 2005/06

The Committee considered the final revenue outturn position for 2005/06 and associated issues.

The Director of Resources reported that Cabinet, on 15th June 2006, had agreed that the final outturn for 2005/06 be approved; the Corporate Management Board's recommendations for the carry forward of unspent budgets into 2006/7 be agreed; the creation of the new reserves in the 2005/6 Accounts be approved; and that an increase in the minimum level of general reserves and working balances of £1.5m to £4.5m or 3.75% of budgeted net revenue spending excluding schools budgets be considered as part of the Council's Medium Term Financial Plan.

During the course of debate the following principal points were noted:

- While robust financial monitoring reports were now in place, greater financial management was needed by directorates to ensure that services were delivered. Ideally each year services should be improved with a minimal underspend.
- Questioned on the base budget for Adult Social Care the Chief Executive reported that this year additional investment had been made to that service. It would be for the Council to find reductions in other areas if it considered it necessary to supply further investment to this area.
- The Chief Executive emphasised the importance of the Herefordshire Connect

Programme in driving efficiencies to release resources to support other priorities e.g. Adult Social Care..

RESOLVED: That the report be noted.

(E) Integrated Performance Report – 2006/07 April-May Progress Report

The Committee was informed of performance to the end of May 2006 against the Annual Operating Plan 2006/07 and the remedial actions taken to address areas of under-performance.

The Corporate Policy and Research Manager reported that the Council's current Corporate Plan set out the Council's objectives, priorities and targets for the three years 2006-09. The Annual Operating Plan was the detailed action plan for 2006/7, and had been updated to include the indicators in the Local Area agreement (LAA) and the Herefordshire Community Strategy (HCS). His report summarised progress in the first two months of the current operating year and included action being taken to address underperformance. Appendix A to the report provided greater detail on each of the indicators that were currently not on schedule to be achieved.

He highlighted that out of 72 performance Indicators relating to the Local Area Agreement (which now incorporated those under LPSA2G) 42 had been "red flagged". This was of particular concern and remedial action would be required.

An exceptions report on the overall improvement plan, Appendix B to the report, was regularly provided to the Leader of the Council and Chief Executive.

RESOLVED: That the report be noted.

6. REVIEW OF THE STRATEGIC SERVICE DELIVERY PARTNERSHIP - CABINET'S RESPONSE

The Committee considered the Cabinet's response to the recommendations made to it in the Scrutiny Review of the Strategic Service Delivery Partnership.

On 15th June 2006 Cabinet agreed that its response be approved, as set out in the Appendix to the report, and that consideration be given to an external consultant being engaged to undertake a brief piece of work to verify a number of aspects of the services supplied by the partnership.

Responding to questioning the Leader of the Council and the Cabinet Member (Corporate and Customer Services and Human Resources) confirmed that the Scrutiny Review report had been carefully considered and an action plan prepared. A number of concerns were already being addressed as part of the existing management initiatives. A consultant would be engaged to comment on a number of aspects including value for money under the partnership agreement.

RESOLVED: That the Cabinet's response to the findings of the review of the Strategic Service Delivery partnership, including the proposed use of an external consultant described above, be noted.

7. ICT SERVICES SCRUTINY REVIEW - PROGRESS REPORT

The Committee received a progress report from the Chairman of the ICT Services Review Group.

Councillor BF Ashton, Chairman of the ICT Services Review Group, reported that the

review was progressing with interviews and a fact finding visit being undertaken. He warned that due to problems with programming interviews the final report would be delayed.

RESOLVED: That the report be noted.

8. SCRUTINY IMPROVEMENT PLAN

The Committee were invited to endorse the Scrutiny Improvement Plan.

The Director of Corporate and Customer Services reported that in response to comments by a Peer Challenge team in Spring 2005 and a subsequent seminar involving Members of this Committee, a Scrutiny Improvement Plan had been developed. This had been revised following the Council's Corporate Assessment and the report of the consultant on the JAR Action Plan.

RESOLVED: That the Scrutiny Improvement Plan be endorsed.

9. WORK PROGRAMMES

The Committee noted the Scrutiny Committee's current and future work programmes.

Having considered at an informal meeting a discussion paper setting out a number of possible themes for the scrutiny programme and identified a number of areas to pursue, identified in the agenda report, the Committee requested that, following consultation with the Chairmen and Vice-Chairman of the Scrutiny Committees, scoping work be carried out into the areas identified.

RESOLVED:

That (a) the Director of Corporate and Customer Services be authorised to arrange for scoping work to be carried out on the areas identified in the report following consultation with the Chairmen and Vice-Chairmen of the Scrutiny Committees;

and

(b) the current Work Programmes be noted.

10. SCRUTINY ACTIVITY

The Committee noted the work being undertaken by the Scrutiny Committees.

11. PRESENTATIONS BY EXECUTIVE (LEADER, CABINET MEMBER (CORPORATE AND CUSTOMER SERVICES AND HUMAN RESOURCES), AND CABINET MEMBER (RESOURCES)).

The Committee received presentations by the Leader of the Council, Cabinet Member (Corporate and Customer Services and Human Resources) and Cabinet Member (Resources) on performance in 2005/06 and challenges for 2006/07.

Leader of the Council

A report had been prepared by the Leader of the Council. In presenting his report the Leader of the Council highlighted the following issues:

- The Joint Area Review of Children's Services had been resource intensive and he credited the staff for continuing the provision of services during the review period. He commented that addressing the outcome of the review was a priority for the Council. While significant improvement had already been made there was still some concern about sustaining the level of improvement.
- The Council should take a clear lead role in the community in relation to diversity issues.
- The development of an integrated planning process and medium term financial strategy was underway.
- While the Herefordshire Connects Programme may be seen as a high-risk strategy it was a programme the Council had to deliver in view of the medium term financial position facing the Council.
- While some problems had arisen over sharing budgets to ensure an effective use of resources, the Council had always been committed to partnership working.
- The continuance of the Herefordshire Primary Care Trust owed a lot to the support of the Council and the Herefordshire community.

Responding to questioning the Leader expressed some concern in relation to aspects of The Lyons Review and in particular possible changes to the allocation of Business Rates. He emphasised that as Chair of the West Midland Shire Councils, his work in connection with City Regions, and in other fora he ensured that, whenever possible, the problems faced by rural Counties were raised.

Cabinet Member (Corporate and Customer Services and Human Resources)

A report had been prepared by the Cabinet Member (Corporate and Customer Services and Human Resources). In presenting her report the Cabinet Member highlighted the following issues:

- While it had been a difficult year the Council had achieved recognition for its Website, achieved the Plain English Campaign's Crystal Mark and regained the Charter Mark for Info.
- The Corporate and Customer Services Directorate had co-ordinated the Corporate Assessment work and was sponsoring the Herefordshire Connects Programme.
- Through the development of ICT, the Herefordshire Connects Transformation Programme will integrate front line services. There will also be a change to the HR culture involving changes to accommodation and working practices for a number of staff and opportunities for some staff to further develop their skills.
- Performance Management will be a critical area and Herefordshire will learn from the best practice in other authorities.

The Committee noted the report and the following are the principal points that arose during the ensuing debate:

- The Herefordshire Connects Transformation Programme created a big opportunity for the Council and its partners. However, the experiences of other authorities would be used during the development of the programme.
- The Public Service Trust will drive other ICT related developments e.g. the sharing of data.
- A rigid discipline needed to be imposed towards business planning to ensure efficiencies in moves and re-locations.
- Vacant or unfilled posts should be assessed and the job reviewed to ensure the post was appropriate for the task. Some specific hard to fill posts would need good recruitment campaigns.

- Voluntary work and the work of the Citizens Advice Bureau (CAB) was greatly appreciated. It was however important to note the continuing substantial support from the Council to the CAB.

Cabinet Member (Resources)

A report had been prepared by the Cabinet Member (Resources). In presenting his report the Cabinet Member commented that many areas of activity had already been reported on, however, he highlighted the following specific issues:

- Given the senior management changes during 2005/06 the performance of the Directorate was steady. He outlined the changes and current situation concerning senior management recruitment.
- The finance and audit teams offered solid support to the rest of the organisation contributing to a 2005 CPA judgement of 3 out of 4 on the Use of Resources element of the inspection.
- Work was ongoing to change the financial culture of the Council.
- A Medium Term Financial Strategy would be completed by July. However, while a long-term financial forecast was being worked on, difficulties arose due to variables in government funding plans.

On questioning the delay in appointing the Head of Asset Management & Property Services the Committee were informed that initially the recruitment process had been delayed pending the appointment of the Director of Resources.

The Chairman thanked the Leader of the Council and Cabinet Members for their reports and responding to the Committee's questioning.

The meeting ended at 12.34 p.m.

CHAIRMAN

REVIEW OF THE CONSTITUTION

Report By: Director of Corporate and Customer Services

Wards Affected

County-wide

Purpose

1. To consider revisions to the Constitution.

Financial Implications

2. None.

Background

2. The Constitution Review Working Group recommended a number of revisions to the Constitution at its meeting on 30th May, 2006. These are set out in the attached report to be considered by Cabinet on 20th July, 2006.
3. A further report on proposed revisions to political management structures is to be considered by the Constitution Review Group on 17th July and then reported to Cabinet on 20th July.
4. The decisions of Cabinet will be reported to the meeting.
5. Council will consider any proposed revisions which are recommended to it at its meeting on 28th July, 2006.

RECOMMENDATION

THAT the Committee considers the proposed revisions to the Constitution.

BACKGROUND PAPERS

- None

Further information on the subject of this report is available from
Alan McLaughlin Head of Legal and Democratic Services
on 01432 260200

REVIEW OF THE CONSTITUTION

PORTFOLIO RESPONSIBILITY: CORPORATE STRATEGY AND FINANCE

CABINET

20TH JULY, 2006

Wards Affected

County-wide

Purpose

To update the Constitution to reflect changing Council requirements.

Key Decision

This is not a Key Decision.

Recommendation

THAT Cabinet considers the recommendations set out below and recommends their approval to the Council.

THAT

- (a) **the Council meeting in March be reserved to approve the budget and the setting of the Council tax and associated business, together with statutory plans that need to be approved by Council and that cannot reasonably be delayed;**
- (b) **a new Standing Order 4.25.10 “Questions will not be accepted at the March meeting of the Council that sets the budget and Council tax” be approved;**
- (c) **the revised Financial Standing Orders at Appendix 1 be approved;**
- (d) **the name of the Audit Committee be amended to Audit and Corporate Governance Committee;**
- (e) **the revised terms of reference for the Audit and Corporate Governance Committee at Appendix 2 be approved;**
- (f) **the facility to appoint an independent Chairman to the Audit and Corporate Governance Committee be approved**
- (g) **Appendix 23 of the Constitution be amended to provide for the Director of Environment to make a decision to advertise any proposals for a Traffic Regulation Order, (including traffic calming measures) and to proceed to make the same if no objections are forthcoming;**

Further information on the subject of this report is available from
Alan McLaughlin, Head of Legal and Democratic Services, on (01432) 260200

- (h) **Part 12, 12.7.4 of the Constitution be amended by adding a specific reference enabling the Director of Environment to commence prosecutions under the provisions of the Food Safety Act 1990 (as amended) and the European Communities Act 1972, including any regulations made pursuant to those Acts or any re-enactment thereof.**

Reasons

To ensure the Constitution meets all legal and operational requirements.

Considerations

The Constitutional Review Working Group met on 30th May, 2006 to consider a number of revisions to the Constitution as set out below.

Review of Political Management Structures

1. The recommendations of the Constitutional Review Working Group meeting to be held on 17th July, 2006 will be reported to the meeting.

Agenda for the Council meeting to approve the Budget and Set the Council Tax

2. All Council meetings, except for the annual meeting following an election, currently have a standing item for questions from Councillors. In line with revisions to government legislation the March meeting of Council will deal only with setting the budget and council tax and associated business such as the Capital Programme and Corporate Plan. In addition the meeting approves statutory plans and reports from West Mercia Police Authority and Hereford and Worcester Fire and Rescue Authority.
3. To reflect the role of the March Council meeting it is suggested that the agenda is amended so that Councillors no longer ask formal questions. An item on the agenda for questions from members of the public will remain.

Financial Standing Orders

4. The Corporate Management Board, at the request of the Director of Resources, considered proposals for changes to the Financial Standing Orders covering the carry forward of budget overspends and underspends. Currently, Financial Standing Orders allow for the carry forward of underspendings and overspendings subject to certain percentage and other limits. The CMB agreed the wording and, in broad terms, it sets tighter arrangements for dealing with underspendings by permitting only the carry forward of managed underspendings and overspendings, by requiring action plans for dealing with identified overspendings to be produced early in the financial year.

Audit Committee

5. The Audit Commission, in its Annual Audit and Inspection letter identified that the Council needed to develop the role of the Audit Committee in providing leadership on audit and governance issues, including documenting the overall assurance framework. In line with CIPFA guidance an analysis/self-assessment, of the Audit Committee was carried out. The analysis measures the Committee's work and its effectiveness. As a result of the analysis some of the points identified were:

- the need to align the Audit Committee's current terms of reference with the CIPFA guidance;
 - to develop the committee's role in relation to internal control strategies such as Risk Management;
 - that Committee Members are independent of the Executive and Scrutiny functions of the Council; and
 - that training is carried out for all Committee Members.
6. The work programme for the Committee was examined and an effective framework is to be put in place to ensure there is no overlap with the work of the Strategic Monitoring Committee and the Audit Committee. The current terms of reference for the Committee also includes its consideration of the terms of reference for Internal Audit, the Internal Audit Strategy and Resourcing of the Internal Audit. CIPFA guidance states the Chairman and members of the Committee need to be independent of the Executive and Scrutiny functions of the Council and it is suggested that the facility is put in place to appoint an independent Chairman. In addition it is proposed that the title of the Committee is revised to reflect that it deals with broader aspects of corporate governance issues and not solely financial matters.

Delegated Powers for Traffic Regulation Orders and Food Safety Prosecutions

7. Presently the Constitution does not allow for the Director of Environment to make any delegated decisions in relation to Traffic Regulation Orders (TROs) and they are all currently dealt with by the Cabinet Member (Highways and Transportation). The amendment to the Constitution is to allow authorisation for the Director of Environment to take certain decisions relating to TROs and also to give express authorisation to commence prosecutions for offences created by the Food Safety Act 1990 and regulations made in respect of such like matters under the European Communities Act 1972, or any subsequent re-enactment. It is proposed to amend Appendix 23 of the Constitution so that the Director of Environment has authority to make decisions on initial proposals for any TROs, but with the Cabinet Member having the final decision as to whether to proceed and/or modify any proposal where objections have been received as a result of any public consultation exercise.
8. Additionally Environmental Health Officers are required to investigate matters relating to food hygiene and whilst the Constitution currently provides a general delegation to Directors to act on behalf of the Council, it is desirable to have a specific reference to the Director of Environment to be able to authorise such prosecutions personally.

Risk Management

Ensuring that the Constitution remains up to date and relevant will avoid legal challenge and uncertainty.

Alternative Options

There are no alternative options recommended.

Consultees

The Constitutional Review Working Group
Directors

Appendices

Not applicable.

Background Papers

None identified.

FINANCIAL PROCEDURES RULES

FINANCIAL STANDING ORDERS AND FINANCIAL REGULATIONS

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FINANCIAL STANDING ORDERS

1. Introduction

- 1.1 The Council is a large diverse organisation, which needs a framework for Councillors and officers to reach decisions on the provision of services. The scheme of delegation adopted by the Council provides that basic framework.

In financial terms, further regulation is required, i.e.

- (a) A set of formal financial regulations approved by Cabinet.
- (b) A further professional requirement set by the Director of Resources that must be followed by all officers involved in financial administration. These requirements will follow various national codes of practice.
- (c) Manuals setting out good practice and internal procedures.

Financial Regulations and minimum requirements set by the Director of Resources are mandatory. Whilst the manuals are advisory, it is expected that they will be followed.

- 1.2 These Financial Regulations are designed to meet the requirements for the next level of this regulatory framework established by the Scheme of Delegation. They recognise the greater decentralisation of services enabling Directors to undertake some non-statutory financial functions provided certain safeguards are met.

2. Committee and Officer Responsibility

- 2.1 The Cabinet has responsibility for the proper administration of the Council's financial affairs including the making of Financial Regulations, and to monitor, review and formulate the Council's budget.
- 2.2 Each Cabinet Member shall be responsible for the observance of the Council's Financial Standing Orders and Regulations for those functions within their terms of reference.
- 2.3 The Director of Resources has been appointed under Section 151 of the Local Government Act 1972 as the officer with responsibility for the proper administration of the Council's financial affairs. The Director of Resources or his representative shall be entitled to attend a meeting of any body on which Councillors are represented where matters affecting the financial affairs of the Council are being discussed.
- 2.4 Each Director is responsible for ensuring that the Council's Financial Standing Orders and Regulations are complied with in respect of his/her Directorate.
- *2.5 For the purpose of the Financial Standing Orders, unless otherwise identified reference to a Director shall include reference to the Head of Legal and Democratic Services and Director of Resources.

3. Revenue Budget

- 3.1 The Cabinet shall recommend the revenue budget to Council as required.

- (a) The total budget of the Council for each year;
- (b) Council tax requirement;
- (c) Allocation of financial resources to different services and projects.

4. Capital Budget

4.1 The Cabinet shall, following the submission of proposals by Cabinet Members, recommend to Council:-

- (a) A capital programme for each financial year;
- (b) A future indication of a capital programme over a three year period;
- (c) The recommended funding method for each capital programme (including the use of Supported Capital Expenditure and Unsupported Prudential Borrowing, capital receipts, revenue or other financing methods).

4.2 Any capital project in excess of £250,000 or with a revenue commitment or implication (other than in respect of loan charges) exceeding £25,000 per year shall not be approved unless the relevant Cabinet Member has received a report detailing the full financial and other implications (including staffing matters).

4.3 Following the approval of a capital programme, and subject to any conditions specified in that programme, or specified by the relevant Cabinet Member, the relevant Director shall take all appropriate action to carry into effect the approved schemes, within the budget and time scale agreed in the capital programme. Any material variation in cost or time scale shall be reported to the Cabinet Member in accordance with guidelines issued by the Director of Resources.

4.4 All contracts entered into shall comply with the Council's Standing Orders for the Regulation of Contracts.

5. Property

5.1 On the disposal of any property held which has been declared surplus to requirements then the usable capital receipt will revert to the Council to be utilised in support of the Council's capital programme on the recommendation from the Cabinet.

5.2 In order to encourage the effective use of property the Cabinet will generally agree to the usable capital receipt generated as a result of property being declared surplus to requirements being applied in the following way:-

- (a) 50% by the relevant holding Programme Area.
- (b) 50% as determined by the Council on recommendation from the Cabinet.

6. Budgetary Control

6.1 It shall be the duty of every Cabinet Member to monitor the revenue and capital budget throughout each year and to ensure that those budgets are not exceeded.

- 6.2 Each Cabinet Member shall have authority, strictly within the overall revenue and capital budget, to agree virement up to £500,000 between any one budget head and another, or from one capital scheme to another, provided these are strictly within their Programme Area. Virement between Programme Areas may only take place with the consent of the respective Cabinet Members and shall be subject to report to the Cabinet.
- 6.3 Inclusion within an approved revenue budget provides authority for expenditure on those approved items, subject to any limitation expressed in Standing Orders, the budget or by the relevant Cabinet Member.
- 6.4 Any new proposal or variation which would materially affect the finances of the Council shall require approval by the Cabinet.
- 6.5 Each Director shall be responsible for monitoring the revenue and any capital budget relevant to his/her Directorate to ensure that such budgets are properly spent and not exceeded.
- 6.6 If it appears to a Director that his/her overall cash limited budget may be exceeded, he/she shall report the details as soon as practicable to the Chief Executive, the Director of Resources and to the Cabinet Member. The relevant Cabinet Member will then report on the matter to the Cabinet.
- 6.7 The Council will permit Directorates to carry forward managed underspends into the following financial year provided that all other budget targets have been met. The first call on any underspendings will be to offset any Directorate overspends.
- 6.8 Managed underspends carried forward will be part of the Directorate budget plan for the next financial year and must be used to fund one-off expenditure only. Carrying forward underspendings in order to ensure external funding is received is also allowed.
- 6.9 Windfall reductions in spend or additional income will be transferred into the Council's General Reserves at the end of the financial year.
- 6.10 Action plans must be put in place by each Directorate at any early stage in the financial year in order to manage overspendings (e.g. due to additional spending or below target income). Where appropriate the additional spending or below target income should be met by virements from other elements of the Directorate budgets. If such action plans are put into place at an early stage and properly adhered to there will be no carry forward of the overspendings into the following financial year.
- 6.11 Underspendings where any savings should not accrue to the Council (e.g. schools standards fund, schools sickness absence scheme) can be carried forward.

~~The Council will permit the carry forward of overspends and underspends of up to 2% by Service Directorate. In order to protect the Council's cash flow position, such cumulative overspend shall not at any time exceed 1% of the annual revenue budget. Any underspend within a Service Directorate shall similarly be carried forward to the next year's budget and any such underspend will be unlimited except where limit is imposed by the Cabinet. The limits on both carry forwards of overspends and underspends will be reviewed from time to time by the Cabinet with any change being subject to approval by the Council. Directorates and their respective Programme Area Cabinet Members will not be permitted to plan to overspend as part of the annual budgetary process. The Directorates are as follows:~~

~~Adult and Community Services
Children's Services
Corporate and Customer Services (i)
Environment (ii)
Resources.~~

~~(i) The Director of Adult and Community Services in carrying forward any overspends or underspends between social development and economic development is required to obtain the agreement of the Cabinet Member (Community Services) and Cabinet Member (Economic Development).~~

~~(ii) The budget of the Environment Directorate will include expenditure on the activities of the Planning Committee and the Regulatory Committee working in association with the Cabinet Members (Environment) and (Highways and Transportation).~~

~~6.9 Carry forwards within the corporate element of the Corporate Strategy and Finance Programme Area will be confined to the budget expenditure on Support Services (including the Chief Executive's area) and not the whole of the Corporate Strategy and Finance Programme Area. The carry forward of underspends and overspends within the Corporate Strategy and Finance Programme Area as a whole can only be authorised by the Chief Executive and the Leader of the Council.~~

7. Borrowing Approvals

7.1 The Director of Resources will report to Cabinet, on an annual basis, with recommendations to Council to determine the limits for the borrowing of monies.

8. Emergencies

8.1 Nothing in these standing orders shall prevent expenditure required to meet immediate needs caused by a sudden emergency to which Section 138 of the Local Government Act 1972 applies, provided that such expenditure shall be reported as soon as possible to the appropriate Cabinet Member and the Cabinet.

9. Financial Regulations

9.1 Financial Regulations shall be approved by the Cabinet. The Financial Regulations for schools with delegated budgets, as set out in the scheme for the Local Management of Schools, may make alternative arrangements in respect of schools with delegated budgets, provided that those arrangements follow the spirit of these Financial Standing Orders and Regulations.

9.2 The Director of Resources, shall as he feels appropriate, issue financial guidance for officers of the Council.

9.3 Where any financial figure or limit is specified in these Financial Standing Orders and Regulations, that figure is at 1st April, 2003 prices and shall be altered from 1st April in each year in line with the alteration in the Retail Price Index as determined by the Director of Resources.

AUDIT AND CORPORATE GOVERNANCE COMMITTEE PROPOSED TERMS OF REFERENCE

PROPOSED TERMS OF REFERENCE	
Audit Activity	
	To consider the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.
	To consider summaries of specific internal audit reports as requested.
	To consider reports dealing with the management and performance of the providers of internal audit services.
	To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
21	To consider specific reports as agreed with the external auditor.
	To comment on the scope and depth of external audit work and to ensure it gives value for money.
	To liaise with the Audit Commission over the appointment of the Council's external auditor.
	To commission work from internal and external audit.
	Consider the terms of reference for Internal Audit.
	Consider the Internal Audit strategy.
	Consider the resourcing of Internal Audit.

Regulatory Framework	
	To maintain an overview of the Council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
	To review any issue referred to it by the Chief Executive or a Director, or any Council body.
	To monitor the effective development and operation of risk management and corporate governance in the Council.
	To monitor Council policies on 'Raising Concerns at Work' and the anti-fraud and anti-corruption strategy and the Council's complaints process.
	To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
	To consider the Council's compliance with its own and other published standards and controls.
Accounts	
	To review the annual Statement of Accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.