

# Forest Heath District Council

(This report is not a key decision. This report has been subject to appropriate notice of publication under the Council's Access to Information Rules)

**Report of the Cabinet Member for Resources, Governance and Performance**

**CABINET**

**9 APRIL 2013**

**CAB13/087**

## **PERFORMANCE REPORTING AND THE ROLE OF THE PERFORMANCE AND AUDIT COMMITTEE** (Key Decision Reference: APR13/06)

### **1 Summary and Reasons for recommendation(s)**

- 1.1 This report sets out proposals for streamlining the reporting of key performance indicators and financial information and strengthening the arrangements for scrutiny of performance at Forest Heath by making the Performance and Audit Committee (PAC) a scrutiny committee.
- 1.2 On 7 February 2013 PAC considered those proposals and recommended to Cabinet there should be a review of the Constitution and membership of a Performance and Audit Scrutiny Committee and particularly to consider whether it should not be politically balanced.
- 1.3 To meet the requirements of Section 17(1) of the Local Government and Housing Act 1989 and the applicable regulations, the Council must resolve to approve arrangements for appointments to the Performance and Audit Scrutiny Committee to be made without compliance with the political balance requirements in SS15 & 16 of the Act.

### **2. Recommendations**

#### **2.1 That Members recommend to Council that:**

- (i) The Performance and Audit Committee is made a scrutiny committee (e.g. the Performance and Audit Scrutiny Committee) with effect from May 2013;**
- (ii) The number of Performance and Audit Scrutiny Committee meetings in a year is reduced to five;**
- (iii) The Performance and Audit Scrutiny Committee is not politically balanced and that the membership is increased from 9 to 10 members, to comprise 8 members of the Conservative Group and 2 members of the Opposition Group;**
- (iv) Council resolves to approve the arrangements for appointments to the Performance and Audit Scrutiny Committee to be made without compliance with the political balance requirements in SS15 & 16 of the Local Government and Housing Act 1989; and**

**(v) The Council's Monitoring Officer is given delegated authority to make the necessary adjustments to the Council's constitution to implement these changes.**

**2.2 That Members agree that:**

**Financial Information and Key Performance Indicators are reported to the Performance and Audit Scrutiny Committee (PASC).**

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**3. How will the recommendations help us meet our strategic priorities?**

3.1 An efficient and effective performance management framework is essential in providing accurate and timely information about the delivery of Council services and in meeting its objectives. Only by operating within such a framework can members and officers feel confident that they have the information to make the decisions necessary to deliver their priorities.

**4. Key issues**

4.1 The development of shared services requires the delivery of those services to be reviewed and reshaped to ensure they are fully effective to support two councils. This applies equally to the Councils' performance frameworks through which information is provided and scrutinised.

4.2 Forest Heath and St Edmundsbury already have performance management frameworks but there are key differences around what information is provided across the two councils and where that information is reported. In addition, there is an opportunity to strengthen the arrangements for scrutiny of performance at Forest Heath.

4.3 The key areas where changes are proposed concern:

- making PAC a formal scrutiny committee (e.g. a Performance and Audit Scrutiny Committee) with similar powers in its own area of operation to the Council's Overview and Scrutiny Committee so that they provide the scrutiny function required by law. Such a Performance and Audit Scrutiny Committee would make recommendations to the Cabinet or to Council as they see deem appropriate;
- presenting financial information to the Committee at the same time as the Key Performance Indicators (KPIs) providing an opportunity for recommendations to be considered by the Executive; and

- reducing the number of Committee meetings in the calendar as the four meetings linked to the reporting of projects are no longer required.

- 4.4 The Council's scrutiny function can be provided by one or more committees. The remit of a Performance and Audit Scrutiny Committee can be defined to ensure a clear distinction between its area of operation and those of the Overview and Scrutiny Committee. Therefore, whilst there is no overlap between them, they cover all Cabinet and Council functions. This can be achieved through having a focus on the scrutiny of the Council's performance (including financial information) together with its existing responsibilities around corporate governance including corporate complaints, risk management and audit.
- 4.5 In order to implement these changes the Council's constitution will need to be amended accordingly. Appendix 1 provides more detail including a flowchart and indicative meeting dates for 2013/14.
- 4.6 Alongside these changes the Performance and Audit Scrutiny Committee may also have the authority for receiving and approving the Council's Annual Statement of Accounts. The potential role in carrying out this function is currently being investigated.

## **5. Recommendations of the Performance and Audit Committee**

- 5.1 At its meeting on 7 February 2013 the Performance and Audit Committee recommended to Cabinet that the Committee be made a scrutiny committee with effect from May 2013 subject to the necessary changes being made to the Council's constitution. It also recommended to Cabinet the adoption of the proposed arrangements for reporting financial information and Key Performance Indicators and that the number of PASC meetings a year be five.
- 5.2 The Performance and Audit Committee also resolved that Cabinet review the membership of the proposed Performance & Audit Scrutiny Committee, to consider greater representation for the opposition parties.
- 5.3 To comply with legislation and in order to appoint a Committee that is not politically balanced in accordance with the requirements of the Local Government and Housing Act 1989, and associated regulations, it is necessary for notice of the proposal to be included on the agenda of a Council meeting stating clearly that this recommendation will be discussed and voted upon. At the meeting it is necessary for the resolution to be passed without any member of the Council voting against it.
- 5.4 The Council's clearly stated aim is to ensure that as part of the governance arrangements changes to a Leader and Cabinet Model there should be appropriate and open scrutiny which will assist in the development of services for the residents of the district. To ensure that this is as open and transparent as possible it is considered that greater involvement from the opposition party is advisable than would be allowed under the normal political balance rules.
- 5.5 Council resolved on 21 June 2012 that the Overview & Scrutiny Committee be not politically balanced and that the membership of the Committee be increased from 9 to 10 Members (to comprise 8 Members of the Conservative Group and 2 Members of the Opposition Group). A similar increase in the size of, and group representation on, the Performance and Audit Scrutiny Committee is proposed.

## 6. Membership of the Performance and Audit Scrutiny Committee

- 6.1 The appointments made to the current Performance and Audit Committee by the Annual Council on 9 May 2012, were on a politically balanced basis, as set out below:

C Noble (Chairman) (Conservative)	W Hirst (Conservative) (Cabinet Member)
A J Wheble (Vice Chairman) (Conservative)	G Jaggard (Conservative)
M J Anderson (Conservative)	J W McGhee (Conservative)
D W Bimson (Conservative)	N Williams (Opposition)
S J Edwards (Conservative) (Cabinet Member)	

- 6.2 The Members of the Council's Executive cannot sit on a Scrutiny Committee. Appointments to the proposed Performance and Audit Scrutiny Committee, including the appointment of the Chairman and Vice Chairman, will be confirmed at the Annual Council meeting, which will be held immediately after the Council meeting on 8 May 2013.
- 6.3 There are minor consequential amendments which will be required to be made to the Constitution and Council is asked to authorise the Monitoring Officer to make these, as set out in Section 4 above.

## 7. Other options considered

- 7.1 An alternative option to the proposed changes would be to preserve the status quo. This would bring added pressure to the Resources and Performance team where a single service is required to report different information to the respective councils' committees and on separate timescales. The changes streamline the support needed and make effective use of the service capacity and resources.
- 7.2 Furthermore, by making the scrutiny and reporting changes set out above members will be able to review financial and performance information at the same time and be able to make formal recommendations to the authority where issues concerning the Council's performance may warrant investigation or improvement.
- 7.3 A politically balanced Performance and Audit Scrutiny Committee was the original option considered by PAC. The committee's recommendation for alternative arrangements is set out in paragraph 5.2.

## 8. Community impact

- 8.1 **Crime and disorder impact** *(including Section 17 of the Crime and Disorder Act 1998)*
- 8.1.1 None.
- 8.2 **Diversity and equality impact** *(including the findings of the Equality Impact Assessment)*
- 8.2.1 None.

**8.3 Sustainability impact** *(including completing a Sustainability Impact Assessment)*

8.3.1 None.

**8.4 Other impact** *(any other impacts affecting this report)*

8.4.1 None.

**9. Consultation** *(what consultation has been undertaken, and what were the outcomes?)*

9.1 The proposals in this report have been prepared in consultation with the Portfolio Holder, Resources, Governance and Performance and the Chair and Vice-Chair of the Performance and Audit Committee.

9.2 Review of the proposals by the Performance and Audit Committee are described in paragraph 5.

**10. Financial and resource implications** *(including asset management implications)*

10.1 While there are no direct financial or budget implications arising from this report, as discussed in 7.1 above the proposed changes make effective use of the new Resources and Performance team in supporting the two Councils.

**11. Risk/opportunity assessment** *(potential hazards or opportunities affecting corporate, service or project objectives)*

<b>Risk area</b>	<b>Inherent level of risk (before controls)</b>	<b>Controls</b>	<b>Residual risk (after controls)</b>
Failure to adopt an effective performance management framework	Medium	Regular reporting of financial information and KPIs to members who can in turn make formal recommendations to Cabinet or Council.	Low

**12. Legal and policy implications**

12.1 There will be changes required to the Council's constitution where the current PAC committee is changed to a formal scrutiny committee to reflect the membership arrangements of PASC. Delegated authority to make these changes is sought as described in sections 4 and 6 above.

**13. Ward(s) affected**

13.1 All.

**14. Background papers**

14.1 None.

**15. Documents attached**

15.1 Appendix 1 – Proposed changes for reporting of performance information (Financial and KPIs) at Forest Heath