

Report to Task & Finish Panel on Overview & Scrutiny Review

Date of meeting: 25 March 2013

**Subject: Budget and Performance Monitoring by
Overview & Scrutiny**



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Recommendations:

(1) To consider proposals for future budget monitoring arrangements by Overview & Scrutiny (OS) arising from this report; and

(2) To consider proposals for future performance monitoring arrangements by OS arising from this report.

Report:

Introduction

1. This report submits details of the current legal and constitutional requirements, past reviews and feedback from consultation conducted last year for OS and comments at the scoping meeting of this Panel in relation to budget and performance monitoring. Also submitted as appendices are (a) an issue paper published by I.D.E.A. in respect of budget monitoring and the current terms of reference of Finance & Performance Management Standing Scrutiny Panel.

Constitutional and Legal Provisions

2. There are no specific provisions relating to O&S 's role in performance management and budget monitoring. The Council has, however, recognized these roles in establishing a Standing Panel to deal with these matters. Both can be seen as part of the general statutory role of O&S to review Council activities.

Previous Reviews – Budget Monitoring

3. The Finance and Performance Management Scrutiny Panel and Finance Performance Management Cabinet Committee must meet on the same evening but in separate meetings to facilitate consideration of the budget.

4. The agenda of the meetings should ensure that the two meetings deal with appropriate Overview and Scrutiny and Executive responsibilities.

5. The Council be asked to adjust the Calendar of meetings for 2009/2010 accordingly.

6. The following issues remain the specific responsibility of Overview and Scrutiny: (inter alia) budget consultation and service improvement plans.

Previous Reviews - Performance Management:

7. That Service Business Plans no longer automatically be considered by the Overview and Scrutiny Committee but be placed in the Members' Room with the right for individual members to request their formal consideration.
8. That selected performance information continue to be formally reported to members through the Overview and Scrutiny Committee, on a quarterly basis.
9. That the Council use a "traffic light system" for performance indicators as a trigger for inclusion of items in the work programme, reviewed periodically – Indicators to be split into (i) Green – on target, (ii) Amber – uncertainty of achieving target; and (iii) Red - clearly below target based upon previous year's performance.
10. That there be an annual selection of monitored Performance Management Information (priority to be 'red light') using a periodically reviewed 'basket' of indicators.
11. That detail be provided within performance reports to the Overview and Scrutiny Committee to indicate whether performance on individual indicators is in the upper quartile or whether performance has improved or worsened from the previous two years.
12. That a graphical format be introduced for the reporting of performance information to Overview and Scrutiny.
13. That comparative data be included in performance reports to the Overview and Scrutiny Committee wherever possible, to enable meaningful consideration of performance data.
14. That performance against those performance indicators not subject to quarterly report to Overview and Scrutiny, be published in the Members' Bulletin in the form of statistical data only.

Feedback/Suggestions from Consultation

15. A summary of the comments made by members on budget and performance monitoring as part of this review is as follows:
 - (a) the role of OSC in finance and budget monitoring is confusing and should be reviewed;
 - (b) budget monitoring is confusing and it is difficult for members to get to grips with detailed figures because of lack of expertise;
 - (c) the procedure has become laborious, ploughing through figures which the Cabinet already looks at;
 - (d) there is duplication of what is discussed at the Cabinet Finance Committee and the OSC Finance Panel and the duplication of paperwork;
 - (e) the dates of the Finance Scrutiny Panel and Cabinet Committee should be reviewed so that the Panel can scrutinise the Cabinet Committee on broader budget matters which are better looked at by O&S before the Cabinet receives all the detailed figures;
 - (f) the Scrutiny Panel should have different terms of reference to avoid duplication with the Finance Cabinet Committee;

- (g) the Cabinet Finance Committee should look at all the details and figures with the O&S Panel scrutinising policies, major budget issues and any significant departures from agreed budgets going forward;
- (h) it is difficult for members to get to grips with detailed figures because of the lack of expertise – a written commentary should be provided to assist Councillors in scrutinising accounts and budgets;
- (i) performance management is carried out more effectively than the budget review but target setting by officers is questioned: benchmarks should be set by reference to more objective criteria such as the performance of family groups or other is preferable;
- (j) budget and performance monitoring meeting should not take place in half term holidays when interested Councillors may not be able to attend; and
- (k) the practice of holding joint meetings between the two finance bodies should not continue, as this does truly reflect their separate roles emphasising their separate roles.

Scoping Meeting

16. The following points arose:

- (a) there were concerns raised over budget monitoring, with too much detailed figure work going to the scrutiny panel, that was really more for the Cabinet to deal with. It was thought that Scrutiny should look at the broader budget issues and not the detailed figure work;
- (b) the Panel would like a report on this from the Director of Finance brought to its next meeting, it would also be a good idea for the Chairman of the Finance Standing Panel to attend this meeting as well;
- (c) should the relevant KPIs go to the relevant Standing Panel to look at and not to the Finance Panel?

Other Issues

17. The Chairman of the Finance & Performance Management SSP (Councillor A. Lion) has been invited to this meeting. The Assistant Director (Accountancy & Budgets) will also attend. It was felt that members of this Panel should hear from work being undertaken on performance management/business plans before deciding how to pursue that issue. Likewise, it was felt that there should be an informal discussion with finance officers before detailed reports are submitted. A copy of the terms of reference of that Panel is attached.

18. A paper from IDEA is attached as background to the review.

Consultation undertaken:

Resource implications:

Budget provision:

Personnel:

Land:

Community Plan/BVPP reference:

Relevant statutory powers:

Background papers:

Environmental/Human Rights Act/Crime and Disorder Act Implications:

Key Decision reference: (if required)