

# **Report of a Scrutiny Panel on the topic:**

## **SCRUTINY OF A SERVICE BUDGET (Policy & Performance Team)**



### **Panel Membership:**

**Councillor D Hayes (Chair)**  
**Councillor B Dawson**  
**Councillor J Griffiths**  
**Councillor C McCormack**  
**Councillor D Mason**

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# 1. EXECUTIVE SUMMARY

A Scrutiny Panel was set up in November, 2006 with the remit to undertake a scrutiny on the Policy and Performance team Service Budget and report back its findings to the March 2007 meeting of the Resources Overview & Scrutiny Sub-Committee.

(Following changes to the Overview & Scrutiny Procedure Rules made by Council at its meeting held on 19<sup>th</sup> September, 2006, each Overview & Scrutiny Sub-Committee is now allowed to appoint one Scrutiny Panel (a time limited Task and Finish Group) at any time and to determine the Panel's terms of reference, size, membership and duration (provided that the composition of the Scrutiny Panel is the same as the political balance of the Sub-Committee which appointed it)).

The Resources Overview & Scrutiny Sub-Committee gave consideration to the appointment of a Scrutiny Panel at its meeting held on 13<sup>th</sup> November, 2006. At that meeting, a suggestion from a Councillor for a Panel to be appointed to undertake a scrutiny on a selected Service Budget (the Policy and Performance team Service Budget) was approved by the Sub-Committee.

The Resources Overview & Scrutiny Sub-Committee agreed a politically balanced membership of three Conservative Members (Councillors Hayes, Griffiths & Mason) and 2 Labour Members (Councillor Dawson and McCormack) to serve on this Scrutiny Panel. Councillor Hayes was appointed Chair at the Scrutiny Panel's first meeting.

Scrutiny Panel Members received a Project Plan in December, 2006 including the terms of reference; objectives; information and timescales for the undertaking of this scrutiny on a Service Budget (Policy and Performance team).

The Panel met on four occasions. An inaugural meeting was held on 14<sup>th</sup> December, 2006 to approve the Project Plan and agree the consultation process and methodology for this scrutiny. A second meeting was held on 29<sup>th</sup> January, 2007 which received verbal submissions and written evidence from Mark Hopley, Head of Policy, Partnerships and Performance, Hyndburn Borough Council. At the third meeting of the Panel held on 19<sup>th</sup> February, 2007, Members received further information and verbal submissions from Mark Hopley and from Joe McIntyre, Chief Finance Officer, Hyndburn Borough Council. At this meeting, the Panel also received information and verbal submissions from Mark Beard, Head of Audit and Investigations and Scott Butterfield, Principal Policy & Research Officer, Hyndburn Borough Council. A fourth and final meeting of the Scrutiny Panel was held on 7<sup>th</sup> March, 2007 whereby the Panel considered the submissions/information received from Officers on this topic and formulated a number of findings/recommendations based thereon. This final report outlining the Panel's findings and detailing their recommendations on this Scrutiny topic was then produced.

A summary of the main findings of the Scrutiny Panel, based on the evidence/verbal submissions/research information received, is included in Section 3 of this report.

Section 4 of the report explains the key factors emerging from the Witness/Documentary/Research evidence considered by the Scrutiny Panel during the course of its work.

The Panel's final recommendations are set out at Section 5 of the report.

These recommendations will now be submitted to the Resources Overview & Scrutiny Sub-Committee meeting scheduled to be held on Monday 19<sup>th</sup> March, 2007 for consideration and approval. Agreed recommendations will then be presented to Cabinet and/or Council as appropriate.

## **2. INTRODUCTION, TERMS OF REFERENCE AND METHODOLOGY**

### **Background to the Review**

The Resources Overview and Scrutiny Sub-Committee, at its meeting held on 13<sup>th</sup> November, 2006 agreed to the inclusion of this topic in their 2006/2007 Work Programme.

The need for such a review had arisen following a request from an Overview and Scrutiny Councillor who had outlined reasons why a scrutiny should be undertaken on a Service Budget.

It was also envisaged that by undertaking an in-depth review of a Service Budget, the findings/recommendations arising thereon could be used to further assist the Resources Overview and Scrutiny Sub-Committee in fulfilling its Constitutional role within its main terms of reference:- “to monitor the Council’s budgetary position throughout the year and advise in respect of possible efficiency savings and steps required to address any projected budget deficit”.

As a result, following a meeting of the Resources Overview and Scrutiny Sub-Committee held on 13<sup>th</sup> November, 2006, it was decided to appoint a Scrutiny Panel to undertake an in-depth review of a Service Budget. Following consultation with the Chief Finance Officer, the chosen Service Budget the Panel decided to review was that of the Policy and Performance team, Hyndburn Borough Council.

### **Terms of Reference of the Scrutiny on a Service Budget (Policy and Performance team)**

The meeting of the Resources Overview and Scrutiny Sub-Committee held on 13<sup>th</sup> November, 2006 agreed the terms of reference of this Scrutiny Panel as follows:-

1. To undertake a scrutiny of a selected Service Budget (the Policy and Performance team) to ascertain a greater understanding of the budgetary process undertaken by an individual service area.
2. To present a report on the Scrutiny Panel’s findings to the meeting of the Resources Overview and Scrutiny Sub-Committee to be held in March 2007.

### **Establishment of Scrutiny Panel**

It was decided to establish a Panel of five Non-Cabinet Members to carry out the scrutiny review and report back to the meeting of the Resources Overview and Scrutiny Sub-Committee.

The Scrutiny Panel was also politically balanced, as required by Hyndburn’s Constitution.

### **Meetings of the Scrutiny Panel**

The Panel met on four occasions. An inaugural meeting was held on 14<sup>th</sup> December, 2006; a second meeting on 29<sup>th</sup> January, 2007; a third meeting on 19<sup>th</sup> February, 2007; and a fourth (final) meeting was held on 7<sup>th</sup> March, 2007.

The Panel received verbal contributions from four Officers of the Council, at the meetings held on 29<sup>th</sup> January and 19<sup>th</sup> February, 2007 (Appendix A lists all the witness submissions/evidence considered by the Panel).

The Overview & Scrutiny Officer acted as Clerk and provided research support to the Scrutiny Panel.

The Scrutiny Panel, at its fourth meeting held on 7<sup>th</sup> March, 2007 assessed all the information received, reached its conclusions and formulated recommendations. A draft final report was then produced, considered and agreed by the Scrutiny Panel.

### **Modus Operandi**

At the first meeting of the Scrutiny Panel held on 14<sup>th</sup> December, 2006, as part of their Project Plan, the Chair with other Panel Members agreed the method of working they would adopt.

### **Thanks**

The Scrutiny Panel would like to record its thanks to all the Council Officers who took part in the consultation on this scrutiny topic and in particular, express its appreciation and thanks to the undermentioned individuals who contributed their time and expertise during the information gathering stage of the process:-

Joe McIntyre, Chief Finance Officer, Hyndburn Borough Council.

Mark Hopley, Head of Policy, Partnerships and Performance, Hyndburn Borough Council.

Mark Beard, Head of Audit & Investigations, Hyndburn Borough Council.

Scott Butterfield, Principal Policy & Research Officer, Hyndburn Borough Council.

## **3. THE PANEL'S MAIN FINDINGS**

### **Local Context – Evidence Considered**

The Scrutiny Panel in considering the local context for this scrutiny topic, identified the Council's Head of Policy, Partnerships and Performance as the Budget Holder with responsibility for the Policy & Performance Budget. The Panel determined to seek his views on the processes, management and financial/accountancy support received in relation to the Policy and Performance Budget in order to assess the current situation and ascertain what future actions, if any, were required.

The Panel also interviewed Joe McIntyre, Chief Finance Officer, to obtain a more general view on the budgetary process and to further understand what advice/information was given to/could be accessed by Service Managers on Budgets to assist them in the preparation, management and monitoring of their Service Budget(s).

The Panel also consulted and interviewed the Head of Audit and Investigations to ascertain a greater understanding of how Internal Audit became involved in Budgetary Control and Monitoring. The Principal Policy & Research Officer also attended a Panel meeting, and outlined his role and management responsibility for the Council's Risk Register. He also explained the purposes of the different types of Risk Logs that were used (Strategic, Operational and Generic) and informed the Panel that Budgetary Control and Monitoring Information was contained on the Generic Risk Log.

## **4. FACTORS EMERGING FROM THE WITNESS/DOCUMENTARY EVIDENCE CONSIDERED BY THE SCRUTINY PANEL**

The Scrutiny Panel reviewed and examined in detail the witness/documentary evidence submitted on the current issues/procedures relating to the Service Budget (the Policy and Performance team) and considered a number of factors emerging from the Scrutiny on this topic. These are discussed below. The Panel's recommendations are summarised in section 5 of the report.

- 4.1** Further to the information gathering interviews held with the Chief Finance Officer, the Head of Policy, Partnerships and Performance, the Head of Audit & Investigations and the Principal Policy & Research Officer, Hyndburn Borough Council, the financial processes and procedures undertaken in relation to the budget of the Policy & Performance team were found to be satisfactory.
- 4.2** Further to the information gathering interviews held with the Chief Finance Officer, the Head of Policy, Partnerships and Performance, the Head of Audit & Investigations and the Principal Policy & Research Officer, Hyndburn Borough Council, the financial management/support provided by the Chief Finance Officer and the Accountancy staff to Budget Holders, specifically in relation to the budget of the Policy & Performance team, was found to be satisfactory and working well.
- 4.3** There were satisfactory management procedures/processes in place for the operation of the Council's Risk Register and the Budgetary Control and Monitoring Information contained on the Council's generic risk log.
- 4.4** Details of the work undertaken by Internal Audit Section, specifically in respect of the Internal Audit impact on budgetary controls and monitoring were examined and found to be satisfactory and working well.
- 4.5** A good Audit trail was found to exist in relation to the budgetary processes/paperwork, specifically in relation to the Policy & Performance Budget.
- 4.6** In reviewing the financial paperwork in relation to the Service Budget, the Scrutiny Panel felt that in order to further enhance the budgetary/budget monitoring processes, it would be useful if all financial reports contained an additional column of statistical information, detailing the percentage (%) spend on each budget head against the actual budget for the financial year.
- 4.7** In relation to budgetary pressures, and following a review of the information contained in the Council's Medium Term Financial Strategy (MFTS) at the Panel's third meeting, enquiries had been made with the Council's Human Resources section as to whether any former members of staff had, at exit interviews, identified budgetary pressures in the organisation as a reason for them leaving the Council. The Panel was satisfied that budgetary pressures had not been identified as a significant factor in the reasons given by Officers for leaving the employment of Hyndburn Borough Council.

## **5. THE SCRUTINY PANEL'S FINDINGS/RECOMMENDATIONS**

### **FINDING 1:**

**That the Scrutiny Panel is satisfied with the financial processes and procedures undertaken in relation to the budget of the Policy & Performance team.**

### **FINDING 2:**

**That the Scrutiny Panel is satisfied that the financial management/support provided by the Chief Finance Officer and the Accountancy staff to Budget Holders, specifically in relation to the budget of the Policy & Performance team, is working well.**

### **FINDING 3:**

**That the Scrutiny Panel notes and welcomes the information received from the Principal Policy & Research Officer on the Council's Risk Register and the Budgetary Control and Monitoring Information contained on the Council's generic risk log.**

### **FINDING 4:**

**That the Scrutiny Panel notes and welcomes the work undertaken by Internal Audit Section, specifically in respect of the Internal Audit impact on budgetary controls and monitoring.**

### **FINDING 5:**

**That the Scrutiny Panel is satisfied that a good Audit trail exists in relation to the budgetary processes/paperwork, specifically in relation to the Policy & Performance Budget.**

### **RECOMMENDATION 1:**

**That the Scrutiny Panel recommends that to further enhance the budgetary processes, all financial reports should contain an additional column of statistical information, detailing the percentage (%) spend on each budget head against the actual budget for the financial year**

### **RECOMMENDATION 2:**

**The Scrutiny Panel requests that the Chief Finance Officer reports back to the Resources Overview & Scrutiny Sub-Committee upon progress made in achieving the recommendation six months from the date the Scrutiny Panel's report is considered by Cabinet.**

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## **APPENDIX 'A': List of Evidence Considered by the Panel**

### **Written/Research evidence:**

1. Background information and documentation submitted by the Chief Finance Officer and the Head of Policy, Partnerships & Performance including details of Budgets, Budget processes and procedures.
2. Background information submitted by the Head of Audit & Investigations and the Principal Policy & Research Officer including documentation of how Internal Audit becomes involved in budgetary control and monitoring and the use of the Council's Risk Register and Risk Logs.
3. Hyndburn Borough Council Medium Term Financial Strategy (MFTS) 2008/09 – 2010/11.

### **Verbal evidence:**

The Panel considered verbal evidence from the following witnesses:-

4. Joe McIntyre, Chief Finance Officer, Hyndburn Borough Council.
5. Mark Hopley, Head of Policy, Partnerships and Performance, Hyndburn Borough Council.
6. Mark Beard, Head of Audit & Investigations, Hyndburn Borough Council.
7. Scott Butterfield, Principal Policy & Research Officer, Hyndburn Borough Council.