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<b>REPORT TO:</b>	<b>FINANCE &amp; MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM:</b> 7
<b>DATE OF MEETING:</b>	<b>15TH FEBRUARY 2005</b>	<b>CATEGORY:</b> <b>RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>CHIEF EXECUTIVE</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>ANDREA McCASKIE, HEAD OF LEGAL &amp; DEMOCRATIC SERVICES (EXT. 5831)</b>	<b>DOC:</b> U:\JAYNE\Committee\COMMREP\DecisionMaking.doc
<b>SUBJECT:</b>	<b>REVIEW OF POLICY AND DECISION MAKING</b>	<b>REF: AGM/JB</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM(ALL)</b>

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### **1.0 Recommendations**

1.1 That the Committee in making recommendations to Council on proposed changes to the Constitution in respect of policy and decision making:-

- receives this report
- considers the recommendations made in Section 12 of this report

### **2.0 Purpose of Report**

2.1 The purpose of this report is to:-

- explain the background to this review of how the Committee makes policies and takes decisions
- put forward proposals to streamline decision making and enable the Committee to perform a more strategic, policy orientated role

### **3.0 Executive Summary**

3.1 The report discusses:-

- the background to this review
- management of the project by the Member Working Panel
- the Committee's current workload
- issues raised by the other Policy Committee Working Panels
- decision making (focussing on the present scheme for delegating decisions to officers)
- the development of a Work Programme for the Committee
- the Working Panels' views on the issues raised by the other Policy Committees
- implementing the proposals (including changes to the Council's Constitution)

3.2 Detailed recommendations are set out listed in Section 12 of the report.

#### **4.0 Background to the Review**

- 4.1 The Local Government Act 2000 required all Councils to revise their political management arrangements to make decision making more open, efficient and accountable. In July 2001, the Council adopted a new structure based on a streamlined Committee system for a trial period.
- 4.2 The Overview Committee was made responsible for reviewing the "interim" arrangements, prior to formal adoption. This work was informed by an independent assessment conducted by the District Auditor.
- 4.3 The Committee reported back to Council in May 2002. At that meeting, Council confirmed the new arrangements and agreed an Action Plan for addressing issues raised during the review. A large number of recommendations in the Plan concerned decision making by policy committees (an issue also highlighted by the District Auditor).
- 4.4 In August, this Committee was invited to take part in a "pilot" project designed to:-
- review the extent to which decision making might be streamlined further
  - develop proposals to enable the Committee to perform a more strategic, policy orientated role
- 4.5 This report represents the conclusions of this work.

#### **5.0 Managing the Project**

##### The Working Panel

- 5.1 A small Working Panel comprising the Chair, Vice-Chair and Councillors Wheeler/Harrison was established to manage the project.
- 5.2 After the first meeting (25th August), it was agreed to invite the Heads of Service, who regularly report to this Committee, to the next meeting on 9th September 2004.
- 5.3 Annexe 'A' (by way of background) lists the Committees areas of responsibility.

##### Analysis of Committee Workload

- 5.4 The first task to be completed was an analysis of the Committee's workload over the period July 2001 until May 2004 (Annexe 'B').
- 5.5 The analysis highlighted a number of issues:-
- Members have taken the opportunity to raise issues under "Members Reports" which is contributing to policy development and review.
  - The Committee is monitoring and reviewing only a small number of the plans and strategies for which it is responsible (a point made previously by the Corporate Scrutiny Committee).
  - Performance Management is limited, for the most part, to the consideration of Service Plans.

- The implementation of Action Plans (resulting from Best Value Reviews) is not monitored on a regular basis (due to confusion over the role of Scrutiny Committees in the process).
- A large number of agenda items relate to applications for discretionary rate relief, discretionary rural rate relief and hardship relief.
- The volume of business has increased during the last year.
- Despite this Committee being able to determine all matters coming within the purview of any other Committee on the grounds of urgency or expediency in between meetings, this mechanism has only been used on a small number of occasions.

5.6 This prompted the Working Panel to ask Officers to report back on the following matters:-

- The operation of the current Scheme of Delegation; and, in particular, whether there was any scope for transferring responsibility for determining applications for discretionary rate relief, discretionary rural rate relief and hardship relief by increasing delegation to officers.
- The development of "a Work Programme" which could give the Committee the "time and space" to focus on planning for the future, policy development and performance management

## **6.0 Issues raised by the Environmental & Development Services and the Housing & Community Services Working Panels**

6.1 A similar review of how Committees make policies and take decisions has been undertaken by the Environmental & Development Services and the Housing & Community Services Committees. They have raised a number of issues that, due to their cross cutting nature, were referred to this Working Panel for consideration. They included:-

- the reporting of the Housing Revenue Account solely to the Housing & Community Services Committee;
- whether it was necessary for policy committees to have to refer issues relating to procurement of goods, works and services and budget matters to Finance & Management Committee if the matter could be contained within existing budgets under the control of the relevant policy committee;
- the current level of write-offs

## **7.0 Making Decisions**

### Responsibility for functions

7.1 The Working Panel reviewed the Committee's areas of responsibility (Annexe 'A') and noted that there was a need to include a specific reference to the Committee's role in overseeing and co-ordinating the Council's approach to the managing and setting of budgets, the Customer Relationship Management system, Equalities & Diversity and Social Inclusion issues.

- 7.2 The Working Panel also reviewed arrangements for approving or amending plans and strategies.
- 7.3 At the present time, the Committee has the authority to approve all of the plans and strategies for which it is responsible, with the exception of the Budget, Capital and IEG Strategy. These form part of the Council's Budget and Policy Framework (Article 4 of the Constitution) and must be referred to Council for approval.
- 7.4 Members were advised that the Corporate Management Team ("CMT") would be carrying out a risk assessment of significant County or Regional Plans and Strategies to identify those which ought to be considered by Full Council, in view of their potential impact on local people, services, resource allocations, etc.
- 7.5 The Working Panel concluded that no action was needed at the present time, although the issue should be "revisited" when the CMT assessment had been completed.

#### Scheme of Delegation

- 7.6 The last major review of the Scheme of Delegation was undertaken in 1997. Since then, there have been a number of "piecemeal" changes relating to, for example, new legislation or new organisational structures.
- 7.7 Each Division responsible to this Committee was asked by the Working Panel to consider the current level of delegation to officers and comment on whether further delegation would be desirable.
- 7.8 The Heads of Legal and Democratic Services, Finance and Property Services, Revenues, IT and Customer Services, Human Resources and Policy and Economic Regeneration are of the opinion that the current Scheme of Delegation allows for effective and efficient service provision within their respective Divisions, with relevant policy issues being referred to Committee for determination.
- 7.9 Currently all applications for discretionary rural rate relief and hardship relief are referred to this Committee for determination.
- 7.10 It is suggested to allow delegation to the Director of Corporate Services for the granting of:-
- discretionary rate relief
  - discretionary rural rate relief
  - hardship relief

based on the criteria set out in the Scheme attached at Annexe 'C'.

- 7.11 In relation to all types of relief covered by the Scheme, if an applicant is not successful, then they would be informed of their right to appeal the decision to the Licensing and Appeals Committee within 14 days of receiving written notification of the decision, in order that the matter could be dealt with by an independent panel of Members. Appeals will need to be made on specific points relating to the reasons given to reject or restrict the award of relief. This will result in a streamlined appeal process which is open and transparent and will ensure that decisions are dealt with expeditiously.

7.12 It is proposed that, if the Scheme of Delegation is extended in those cases, that the officer decisions are reported back to this Committee annually.

## **8.0 Development of a Work Programme**

8.1 The Working Panel recognised that the establishment of a Work Programme is a means of giving the Committee the "time and space" to focus on planning for the future, developing policy and managing performance management. It would also allow Members to have a greater role in "shaping" the agenda and managing the workload.

8.2 An example of a possible framework for a Work Programme is given in Annexe 'D'. It will be noted that it covers 7 main areas of work:-

- Finance Strategy and Monitoring/Asset Management
- Managing Performance (focussing on the Corporate Plan and Service Plans)
- Personnel
- Best Value
- "Special Projects" (initiated and led by Members)
- IT/Customer Services
- Responsive Issues

8.3 Ideally, the Programme would cover a municipal year and be reviewed on a 'meeting by meeting' basis to allow new issues to be brought forward. It might also be linked to an annual report setting out the Committee's achievements and its plans for the future.

8.4 It is proposed that if the Committee supports the introduction of a Work Programme, that the Working Panel be requested to formulate a draft Work Programme which could be considered at Annual Council.

## **9.0 Issues Referred by Policy Committees**

### **Reporting of the Housing Revenue Account**

9.1 A paper was produced by the Head of Finance and Property Services, explaining the statutory reasons why the Housing Revenue Account ("HRA") needs to be considered and approved by this Committee (Annexe 'E'). The HRA is a ring fenced account, however the HRA transactions form part of the Council's consolidated General Fund and are reported as such in the statutory accounts. This Committee is responsible for the consolidated budgets and accounts of the Council and, therefore, the HRA transactions cannot be dealt with in isolation by the Housing and Community Services Committee.

9.2 In addition, CIPFA Prudential Code of Practice requires that the financial plans of an Authority are integrated and brought together under one responsible body which, for this Authority, is the Finance & Management Committee.

### **Procurement Issues**

9.3 This Committee is currently authorised to accept or reject tenders for goods, works or services in cases where the lowest (or the highest where payment is made to the Council) is not recommended for acceptance by the relevant policy committee. In

order to make the decision making process more streamlined, this Committee accepts that the relevant policy committee should be able to accept or reject the tenders they feel provide the Authority with the best value for money, provided the Policy Committee can contain it within current budgets. If not, then the matter will need to be referred to this Committee with a recommendation.

- 9.4 It was agreed that the same principle should be applied which would allow the policy committee to make a decision in relation to any incurring of expenditure provided that it can be contained within existing budgets. If not, then the matter will need to be referred to this Committee with a recommendation.

#### Write-off Levels

- 9.5 Financial Regulation D2.4 (b) provides that sums due to the Council shall not be written-off except on the authorisation of the Finance and Management Committee on the recommendation of the Director of Corporate Services and the Chief Executive in respect of sums in excess of £1,500. After looking at the current levels of £1,500, it is proposed that this remains unchanged. This will ensure that reports on bad debts over a certain limit are still brought before the relevant policy committee for consideration.

### **10.0 Implementing the Changes**

- 10.1 If Members are minded to accept the recommendations set out in Section 12 of this report, it will be necessary to refer the decision to Council (as this will require changes to the Constitution which can only be made by Council).

### **11.0 Financial Implications**

- 11.1 None arising directly from this report.

### **12.0 Recommendations**

- 12.1 It is recommended that:-

- (a) the Committee's Terms of Reference are amended to recognise the Committee's role in overseeing and co-ordinating the Council's approach to the managing and setting of budgets, the Customer Relationship Management system, Equalities & Diversity and Social inclusion issues;
- (b) determination of applications for discretionary rate relief, discretionary rural rate relief and hardship relief be delegated to the Director of Corporate Services to be determined on the criteria set out in the Scheme at Annexe 'C', with a right of appeal to the Licensing and Appeals Committee;
- (c) a Work Programme be introduced at the commencement of the municipal year;
- (d) that the HRA continues to be considered and approved by this Committee;
- (e) that the Terms of Reference of the Housing and Community Services and the Environmental and Development Services Committees be amended to recognise that those Committees can determine issues relating to procurement of goods and services and budget matters, if they can be contained within existing budgets under their control;

- (f) that the level of write-offs be maintained at the current rate.

### **13.0 Contact Points**

<b>Subject</b>	<b>Contact Points</b>
Background to the establishment of the Working Panel and the operation of the Council's Constitution	Andrea McCaskie (Ext. 5831)
Analysis of Committee Workload and Work Programme	Sally Knight (Ext. 5720) John Porter (Ext. 5780)
Finance and Property Services	Kevin Stackhouse (Ext. 5811)
Revenues	Chris Swain (Ext. 5812)
IT and Customer Services	Nigel Glossop (Ext. 5707)
Human Resources	David Clamp (Ext. 5729)
Policy and Economic Regeneration	Sally Knight (Ext. 5728)
Legal and Democratic Services	Andrea McCaskie (Ext. 5831)

### **14.0 Background Papers**

South Derbyshire District Council Constitution

