

**THE CABINET** reports as follows:-

**1. Councillor Call for Action - Guidance**

That they have given consideration to a joint report of the Chief Executive and the City Solicitor (copy attached) to provide information and draft guidance on the new powers for Councillors designed to help them solve problems in their wards which have now been implemented by the Government. The new powers are known as the Councillor Call for Action (CCfA). The report also highlights how improvements promoted through the emerging Community Leadership Programme will support the Council in approaching CCfA in the most constructive and effective manner.

The report was referred to all of the Review Committees for further comments on the Guidance for inclusion in the Overview and Scrutiny handbook and was referred to Council in the context of the necessary amendment to the Constitution.

Accordingly the Cabinet recommends the Council to endorse the amendment to the Constitution as set out in Paragraph 8.2 of the report.

**2. Hetton Town Council – request for a Town Council Charter**

That they have given consideration to a report of the City Solicitor (copy attached) to seek views on a request to enter into a Local Council Charter for Hetton Town Council.

Accordingly, the Cabinet recommends the Council to approve and adopt a Town Council Charter for Hetton Town Council.

**3. Comprehensive Performance Assessment – Use of Resources – Auditors Judgement 2007/2008**

That they have given consideration to a report of the City Treasurer (copy attached) on the outcome of the Auditors Judgement on the Comprehensive Performance Assessment – Use of Resources.

The Council is recommended to note the outcome of the Auditors Comprehensive Performance Assessment – Use of Resources – Auditors Judgement 2007/2008.

They also referred the report to the Policy and Co-ordination Review Committee for consideration and comment. The comments of the Review Committee will be reported to the meeting.

## **COUNCILLOR CALL FOR ACTION - GUIDANCE**

### **REPORT OF THE CHIEF EXECUTIVE AND THE CITY SOLICITOR**

#### **1. Purpose of Report**

- 1.1 To provide Cabinet with information and draft guidance about new powers for councillors designed to help them solve problems in their wards which have now been implemented by the Government. The new powers are known as the 'Councillor Call for Action', "CCfA" for short.
- 1.2 The report also highlights how improvements promoted through the emerging Community Leadership Programme will support the Council in approaching CCfA in the most constructive and effective manner.

#### **2. Description of Decision (Recommendations)**

- 2.1 Cabinet is asked to consider the Council's response to the legislative requirement to make provision for a CCfA and:
  - (a) Comment on and endorse the amendment to the Constitution as set out in Paragraph 8.2 of this report for submission to Council;
  - (b) Comment on the draft guidance attached as Appendices 1-3.
  - (c) Refer the draft guidance to all the Review Committees for further Comment prior to inclusion in the Overview and Scrutiny Handbook.
  - (d) To agree that Members' workshops be held to provide training to Members and to receive further comments before the draft guidance is finalised for inclusion in the Overview and Scrutiny handbook.

#### **3. Introduction / Background**

- 3.1 The new powers are contained in the Local Government and Public Involvement in Health Act 2007, and the Police and Justice Act 2006.
- 3.2 The CCfA is derived from s119 of the 2007 Act, and will come into force on 1 April 2009. It inserts a new section 21 A into the Local Government Act 2000. The Council has been awaiting the publication of best practice guidance for the CCfA prior to finalising local arrangements but has already agreed that each Review Committee will deal with those matters within their respective terms of reference. The guidance was published on 17 February 2009 and this report sets out

the proposed arrangements for local use having regard to that guidance.

3.3 The national guidance also includes information on the optional power to delegate council functions under s236 of the 2007 Act to individual councillors to make decisions at ward level. Regulations will be issued in respect of publicity for recording such decisions. It is proposed to defer consideration of this aspect until after the Regulations are issued and the changes to Area Committee arrangements are made.

3.4 This report needs to be considered in the context of other initiatives and existing mechanisms such as:

- The emerging Community Leadership Programme which contains proposals to enhance and enrich the Council's Scrutiny and Area Committee functions and to intensify their focus upon the improvement of service quality.
- The Council's Complaints procedure
- The Annual Work Programme for Review Committees
- Petitions - The Local Democracy, Economic Development and Construction Bill (known as the Local Democracy Bill) currently going through Parliament contains a new duty for Councils to respond to petitions give citizens greater power to hold local authorities to account and influence local services.

3.5 The provision entitles all Councillors to refer a "local government matter" to an Overview and Scrutiny Committee once they have exhausted all other means of resolving the issue. This is defined as a matter "which relates to the discharge of any function of the Authority, affects all or part of the electoral area for which the Member is elected or any person who lives or works in that area, and is not an excluded matter".

The Overview and Scrutiny (Reference by Councillors) (Excluded Matters) (England) Order 2008 "the Order" excludes certain issues from the definition of "local government matters" for the purposes of Section 21A, which relate to individuals, or concerning planning and licensing matters and issues which are vexatious, discriminatory or not reasonable to be included in the agenda or discussed at a scrutiny committee (e.g. if the issues would be detrimental to community cohesion). It also excludes issues relating to individuals or entities where there is already a right to a review or appeal (other than a complaint to the Ombudsman) Section 21A(ii) also provides that an excluded matter is a local crime and disorder matter (within the meaning of Section 19 of the Police and Criminal Justice Act 2006).

3.6 The Government's shares the Council's view, which underpins the Community Leadership Programme, that the work of resolving community concerns in an important part of a local Councillor's role. The CCfA is regarded by Government as a useful additional tool for

Councillors in attempting to perform this role effectively. It recognises that certain matters are best dealt with through existing mechanisms (e.g. planning and licensing applications) or other statutory appeals processes.

- 3.7 The Government considered that the remit of the Local Government Ombudsman is so wide that to exclude all such matters would make virtually every matter an excluded matter.

#### **4. Current position**

- 4.1 The Council is currently conducting a comprehensive review of the way it accepts, responds to and learns from its experience in dealing with 'front line' issues through the emergency Community Leadership Programme. The review, which has placed a premium upon the full and ongoing engagement of Members, has

- Re-emphasised the importance of the 'front line' Community Leadership Councillor
- Identified the key support required by Members to perform this role effectively
- Identified issues which Members encounter most frequently as local Councillors
- Proposed significant changes to the role and operation of Area Committees in order to equip them to support local Councillors to address front line issues in as rapid, effective and transparent way as possible

The net result of these and other proposals contained within the Programme will be to maximise the Council's ability to address issues as quickly and effectively as possible at Ward and Area Committee level. This should, therefore, reduce the number of incidences where it is necessary to use CCfA and to escalate the issue to Scrutiny.

- 4.2 All scrutiny committees work to an annual work programme. Within the refreshed arrangements for scrutiny general policy issues will continue to be dealt with in the usual way by programming items into the Review Committee work programmes. CCfA matters will be integrated into the work programmes in the most expedient way.
- 4.3 The Guidance states that the successful operation of CCfA will rely on several broad principles being recognised, and supported, in local authorities. These principles are:
- Transparency in decision-making, and the involvement of scrutiny in the decision-making process at some level.
  - A willingness to identify mistakes and shortcomings, and a recognition of the need to resolve problems through discussion.

- An understanding (among senior officers and executive members in particular) of the role that scrutiny can play to help a council to improve its services
- An understanding, and a wish to bolster and support, the role that ward councillors play as champions and leaders of their communities.

## 5. What is different about CCfA?

The Guidance makes the following points:

- 5.1 CCfA goes beyond the existing power scrutiny members have to raise issues. This new power gives all councillors the ability to call for debate and discussion at a committee on a topic of neighbourhood concern. The powers are limited to issues affecting single council wards.
- 5.2 Under the 2007 Act scrutiny committees have the power to request information from certain partner organisations and to invite representatives from partner organisations to attend where relevant. CCfA is therefore an opportunity to bring about solutions for local problems using the influence that scrutiny can provide in bringing together a range of partners and produce innovative thinking around an issue.
- 5.3 CCfA should not however be regarded in isolation, as part of the scrutiny function alone. Being able to use it effectively requires using a range of other functions, including support for councillors' ward work, the work of Area Committees, the complaints process, call-in and petitions.
- 5.4 If a CCfA is accepted, a discussion would take place at the committee meeting on how to achieve the outcomes that the member championing the CCfA is seeking. The committee would, in appropriate cases, explore potential solutions, and may make recommendations that certain actions be taken.
- 5.5 These powers are for any member of the Council to pursue. However, there are exceptions where CCfA is not appropriate. For example, if a request is vexatious, or if it is an individual complaint.
- 5.6 Statutory Regulations state that *any matter which "is vexatious, discriminatory or not reasonable to be included in the agenda for, or to be discussed at, a meeting of the overview and scrutiny committee or at a meeting of a sub-committee of that committee is to be excluded"*.

The Guidance states as follows in regard to these terms:

"Vexatious" and "persistent" – it is probably best to refer to the guidance to the Freedom of Information Act which states that:

*Deciding whether a request is vexatious is a flexible balancing exercise, taking into account all the circumstances of the case. There is no rigid test or definition, and it will often be easier to recognise. The key question is whether the request is likely to cause distress, disruption or irritation, without any proper or justified cause.*

Issues around persistency are implied by this definition. However, a persistent request may well be entirely valid – it may relate to a systematic problem that has not been effectively resolved. A request which some members may regard as vexatious, for political reasons, may actually be entirely reasonable.

Councils should not see politically motivated CCfAs, and CCfAs on subjects of high-profile political controversy, as a threat. They should be used as an opportunity for Members to defuse political rows and, jointly, to develop solutions that are satisfactory to all.

“Discriminatory” – a modern interpretation of the word “discrimination” is provided at section 45 of the Equality Act 2006, in relation to religion and belief, as follows:

*A person (“A”) discriminates against another (“B”) for the purposes of this Part if on grounds of the religion or belief of B or of any other person except A (whether or not it is also A’s religion or belief) A treats B less favourably than he treats or would treat others (in cases where there is no material difference in the relevant circumstances).*

“Not reasonable” – it is suggested that, in the interests of transparency, authorities do not interpret “not reasonable” as being the same as the legal word “unreasonable”! It is best to consider it as a qualifier to the word “vexatious”, as a vexatious request is likely not to be reasonable, and a request that is not reasonable is likely to be vexatious.

Other exclusions – Regulations also state that issues should be excluded from CCfA when they relate to a complaints process. Planning appeals, licensing appeals and all other areas where a person has an alternative avenue to resolve an issue (that is, through the complaints process) are expressly excluded. However, see section 4.1 for ways in which information from complaints could be used to support CCfA.

Specific criteria for “automatic rejection” of CCfAs under certain circumstances will not be the best way forward, because each CCfA will need to be looked at on its own merits.

- 5.7 Members will be provided with routes to seek advice on what can and cannot be pursued as a CCfA. This will include signposting to alternative resolutions. This is important as a CCfA must be used only as a **last resort**, when all other attempts at resolution have failed. It is not designed to provide an immediate solution, but high-profile

community discussion of an issue involving all stakeholders. It offers the chance to bring a pressing issue to a wider audience and to discuss such issues in a neutral forum.

- 5.8 There are a wide range of alternative avenues councillors can pursue to influence and resolve problems, formal and informal, such as: discussions with officers, questions at Committee, formal letters on behalf of constituents, petitions, motions to council, and letters to local MPs.
- 5.9 Discussion of CCfA issues at committee will not necessarily resolve the issue immediately. However, the CCfA process is intended to act as a spur for members and officers to work together to jointly develop policies to overcome the problem.

## **6. Examples of a CCfA**

- 6.1 Under Section 21A of the 2007 Act, a CCfA needs to relate to a 'local government matter'. This could be interpreted narrowly, to mean only those issues under the direct control of the authority. However, the guidance states that to give full effect to CCfA the interpretation of 'local government matter' needs to be broader.
- 6.2 This broader interpretation includes issues relating to the Council's partners, in line with the area focus of Comprehensive Area Assessment (CAA), and the fact that an authority's duties increasingly impact on other organisations, and involve partners within and outside the Local Strategic Partnership (LSP).
- 6.3 Examples of when councillors might use CCfA include:
- Long running issues of Anti-social behaviour linked to substance misuse in a local park area
  - Sustained poor performance at a local school
  - Continuing trends in poor performance around, for example, refuse collection or recycling (the guidance confirms that this would only be appropriate if it related to a specific locality)
- 6.4 A typical scenario for dealing with CCfA might be as follows:

### **EXAMPLE SUSTAINED POOR PERFORMANCE AT A LOCAL SCHOOL**

- Step 1 The Councillor identifies a performance issue from Ofsted inspection reports. (The issue could also be raised by parents who approach their ward councillor).
- Step 2 The Councillor discusses issue with other councillors in the ward (to check they haven't already agreed to pursue the issue).
- Step 3 The Councillor asks the Scrutiny Team or other Council officers for advice. The Scrutiny Team will check that all other mechanisms to resolve the issues have been pursued and have failed, giving signposting advice where appropriate.

- Step 4      The Councillor, following advice, takes action to resolve the issue by holding a public meeting at the school.
- Step 5      If parents remain dissatisfied and no improvement is identified, and no other mechanism is available, the Councillor may agree to champion the issue as a CCfA.
- Step 6      The CCfA is referred to the Children's Services Review Committee for decision in accordance with a checklist.
- Step 7      The Children's Services Review Committee makes arrangements for a CCfA meeting. Ward councillors will be invited onto the committee (or sub-committee) for the purpose of the CCfA meeting.
- Step 8      The CCfA meeting is held in the community. Recommendations are made and referred to the appropriate agencies or Cabinet.

## **7. Community Safety CCfA**

- 7.1      A different Act of Parliament, the Police and Justice Act 2006, sets out a CCfA for crime and disorder and community safety issues. The provisions for the 'crime and disorder CCfA' are essentially identical to the general CCfA.
- 7.2      Although the Police and Justice Act required these issues to be considered by the 'crime and disorder committee' in practice this does not require the setting up of a separate committee and does not require separate arrangements. In Sunderland the relevant committee is currently the Regeneration and Community Review Committee.

## **8. Procedures and Guidance**

- 8.1      Any scrutiny member already has the right to raise an issue for inclusion on the agenda of a Review Committee. Part 4 Section 5 Overview and Scrutiny Procedure Rules 9 (a) and (b) of the Constitution provides this right to scrutiny members and Protocol 1 of the Overview and Scrutiny Handbook gives practical advice on use.
- 8.2      In order to implement the new right for any member to raise issues of concern in their ward under the CCfA it is proposed to amend Part 4 Section 5 Overview and Scrutiny Procedure Rules 9 to add a new clause 9 (d) as follows:

*9 (d) Any member of the Council shall be entitled to give notice to the proper officer that he/she wishes an item relating to a Councillor Call for Action to be included on the agenda for discussions at the next available meeting of the Committee or Sub Committee. On receipt of such a request the proper officer will ensure that it is included on the next available agenda of the relevant Review Committee.*

- 8.3 Practical arrangements have also been devised in the form of draft guidance to help councillors to pursue issues as CCfA, or through alternative resolutions, quickly and effectively. The draft guidance is attached as Appendices 1-3. It is intended that this guidance, when finalised, will be included in the Overview and Scrutiny Handbook as a new Protocol. These procedures will need to be reviewed and revised in the light of experience and to refine the interactions between CCfAs and petitions when the Local Democracy Bill is enacted.

## **9. Reasons for the Decision**

- 9.1 Councils must provide arrangements for a CCfA in order to comply with the requirements arising from the Local Government and Public Involvement in Health Act 2007, and the Police and Justice Act 2006.
- 9.2 It is important that Members understand and contribute to this development work which imposes new responsibilities on them and the Council.
- 9.3 It is important that Members understand how current review and action promoted through the emerging Community Leadership Programme will assist the Council to approach CCfA in the most constructive and effective.

## **10. Alternative Options**

- 10.1 The alternative option would be not to provide arrangements for the CCfA which would be a failure to comply with the legislation. The guidance set out in this report is devised from best practice guidance which has been tailored specifically for local use.

## **11. Relevant Considerations / Consultations**

- 11.1 The CCfA Best Practice Guidance, compiled by the CfPS and I&DeA has been used to frame the draft guidance. Consultation with all elected members will occur.

## **12. Glossary**

CCfA - Councillor Call for Action

Local Government and Public Involvement in Health Act 2007 – 2007 Act

The Local Democracy, Economic Development and Construction Bill - the Local Democracy Bill

CfPS – Centre for Public Scrutiny

I&DeA – Improvement and Development Agency

## **13. List of Appendices**

Appendix 1 Draft Guidance

Appendix 2 Flowchart for CCfA

## Appendix 3 Checklist for determining a CCfA

### **14. Background Papers**

Councillor Call for Action: Best Practice Guidance.

Councillor Call for Action: A New Voice for Members (Summary)

Councillor Call for Action - background evidence document.

Sunderland Overview and Scrutiny Handbook

Sunderland City Council Constitution

I&DeA Scrutiny Healthcheck 2008

Policy & Coordination Scrutiny Review 2009

Community Leadership Programme reports and presentations

## **Draft Guidance**

### 1. **What is a Councillor Call for Action?**

Councillor Call for Action (CCfA) is a process for a councillor to act on behalf of residents to resolve a local issue of concern, acting **as a last resort** for people who cannot get issues resolved through any other means. Ward councillors should be looking to identify CCfAs in their community, but CCfAs can also be raised by local people directly with their ward councillors or with the Scrutiny Team. It will still be up to councillors to recognise whether an issue is a CCfA and whether it is appropriate to champion that issue.

The decision to raise and champion a CCfA lies with you as the councillor. The CCfA, alongside proposals which will require a much wider range of agencies to formally cooperate with scrutiny in the future, is intended to provide greater emphasis to the work undertaken by you in your community as community advocates and champions, and to further increase the accountability of public service providers to local communities.

CCfA is a legal requirement from 1 April 2009 and councillors are under a **duty** to consider requests from members of the public on certain issues.

### 2. **What's new about the CCfA?**

What distinguishes the CCfA from items and topics already raised by councillors for consideration by scrutiny is:

- **Any** member can raise a CCfA issue for scrutiny to consider
- The focus of the CCfA is on **neighbourhood** or **locality** issues and specifically the **quality** of public service provision at a locality level.
- The CCfA represents a genuine local **community** concern (based on local councillors' judgements) and
- It is a **persistent** problem which the local councillor has been **unable to resolve** through local action and discussion with relevant services and agencies.

Scrutiny reviews resulting from CCfA will be undertaken by scrutiny committees which will include councillors from the affected locality. There is an expectation that any scrutiny reviews resulting from CCfA on the **ward-based scrutiny issues** will be 'short and sharp', focused reviews - it is important that the public see this as a responsive and un-bureaucratic process which delivers tangible outcomes.

### 3. **What is expected of you?**

Essentially Councillor Call for Action (CCfA) is a recognition of the work you undertake as a ward councillor in taking up local issues on behalf of your community. You are expected to identify issues of local concern and act with and on behalf of your community to resolve those issues. It is up to you using this guidance to decide:

- Which issues you take forward as CCfAs and champion;
- When an issue should be referred to Scrutiny; and
- When to reject an issue.

It is a matter of judgement which requests you agree to champion and as a local councillor you are accountable to your local community for these judgements. Championing a request will mean taking the issue up on behalf of the resident(s) concerned and trying to resolve the problem by liaising with council officers, and/or outside agencies.

Councillors deal with issues of concern on behalf of their constituents as an everyday part of their constituency case work. The CCfA is not intended to add additional bureaucracy to these ward councillor requests, which will continue to be dealt with in the same way as they are now. If you are uncertain about whether a request might be appropriate, the Scrutiny Team can provide advice and assistance to you and to the member of the public making the request.

### 4. **Checklist for Councillors using a CCfA**

#### A. **Initial consideration and actions**

1. Discuss with other ward councillors (check their actions and intentions and whether they can help).
2. Take steps to resolve the issue through existing mechanisms such as contacting Council Officers (including the Scrutiny Team), or liaising with other organisations, or securing consideration of the matter by the Area Committee, or checking whether it can be fed into an existing or review already being undertaken.
3. If the issue is resolved, inform the resident of the outcome and the steps taken, including any difficulties or learning points.
4. If the issues remain unresolved, consult the Scrutiny Team and if appropriate formally request that the item be considered by the relevant Review Committee.

[A flow chart of the CCfA process is provided as Appendix 2 and takes you through each step of the process].

**Reject** if it is any of the following:

1. An individual complaint

2. An issue relating to an “excluded” matter such as planning or licensing matter or another issue where individuals or entities have a right of appeal (other than a complaint to the Ombudsman)
3. Vexatious, discriminatory or not reasonable.
4. It is being used as a “second bite of the cherry” e.g. where a previous call-in has failed, or a petition has already been considered.

**Accept** if it is:

1. An issue of genuine local concern; and
2. All other avenues for resolution have been followed, and
3. You believe that this is now the most appropriate way to deal with it.

**How does CCfA fit with the Scrutiny Work Programme?**

Currently scrutiny members can put an item on the relevant Review Committee agenda using the arrangements set out in Protocol 1. These arrangements remain unchanged. The public have the opportunity to suggest topics and reviews through contacting the Scrutiny team or by contacting their local councillor.

The aim of Scrutiny is to be as strategic as possible, championing issues on behalf of the community so it is possible that a CCfA topic may already be included in a Review Committee work programme.

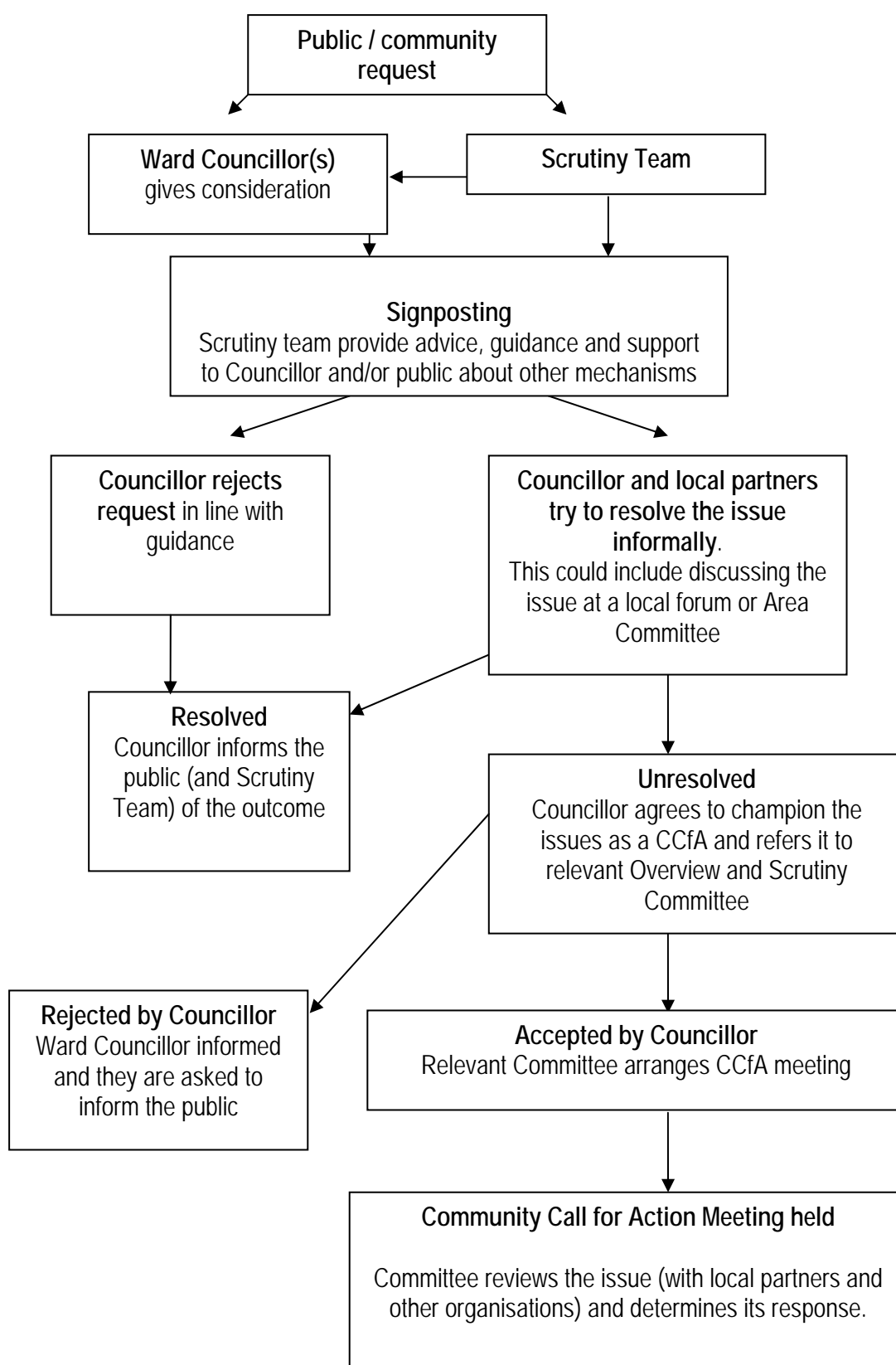
It is valuable for CCfA issues to feed into the broad scrutiny work programme, and vice versa. The purpose of CCfA is to give members more of a voice, and scrutiny itself is a member-led process. CCfA can sit comfortably alongside existing methods for placing items on the scrutiny work programme. CCfA should make the work programme more relevant and timely.

Each Review Committee has the power to deal with CCfAs within its terms of reference. The Review Committee will be asked to identify if a CCfA is appropriate for scrutiny ensuring that the issues scrutinised and reviewed are of genuine community concern.

The checklist for the Review Committee is attached at Appendix 3

The Review Committee receiving a CCfA will convene a meeting in the community affected, where possible, and aim to meet with all partners involved, gather evidence and identify appropriate recommendations. Relevant Ward councillors will be invited to take part in the meeting.

### Councillor Call for Action Flow Chart



### **Consideration of a CCfA**

The Committee should seek the attendance of relevant persons or bodies. The Chairman will provide a short introduction and the Council bringing the CCfA will be invited to outline their objectives and questions from other members. The discussion will be structured to focus on the issue raised.

### **Review Committee Checklist for determining a CCfA**

The Committee should review the actions taken to date to resolve the issue and all of the criteria set out in Appendix 1. It may determine that no action should be taken, for example because:

- The applicant is a vexatious complainant and the issue is being or has been dealt with under the Council's Complaints procedure<sup>1</sup>.
- The issue is currently going through the complaints procedure, and it is appropriate for this to be concluded.
- Ward Councillors have not explored the issue fully and exhausted all avenues.

Alternatively, it may conclude that the public interest is best served by making a recommendation on request to another agency or body or referred to Cabinet for consideration. The Committee should endeavour where possible to identify an appropriate "resolution" of the issue.

### **Definition of a Complaint**

For the purpose of the Council's procedure the Council accepts the Local Government Ombudsman's definition.

*"An expression of dissatisfaction by one or more members of the public about the Council's action or lack of action or about the standard of a service, whether the action was taken or the service provided by the Council itself or a person or body acting on behalf of the Council."*

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<sup>1</sup> Include link to council's complaints procedure

**HETTON TOWN COUNCIL – REQUEST FOR A TOWN COUNCIL  
CHARTER**

**Report of the City Solicitor**

**1.0 Purpose of Report**

- 1.1 To seek the Cabinet's views on a request to enter into a Local Council Charter for Hetton Town Council.

**2. Description of Decision**

- 2.1 To recommend Council to approve and adopt a Town Council Charter for Hetton Town Council.

**3.0 Background**

- 3.1 Local Council Charters set out how a principal local authority and a Town or Parish Council will work in partnership together. They recognise the importance of Town and Parish Councils in local democracy and service delivery, and detail basic principles of the relationship between the councils involved. The Department for Environment Food and Rural Affairs (Defra) and the Office of the Deputy Prime Minister (ODPM) (Now transferred to Communities and Local Government) advocated the adoption of charters, and developed a model framework for interested Councils.
- 3.2 A request has been received from the Leader of Hetton Town Council, Councillor G.W.K. Hepple, for the Council to consider entering into a formal Charter with Hetton Town Council. The Town Council is at present undergoing all the work to gain a Quality Council Chartermark and has carried out a full public consultation to produce a Parish (Town) Plan.

**4.0 Current Position**

- 4.1 A draft Town Council Charter has been prepared (copy attached as Appendix 1).

- 4.2 The ODPM model was used as the basis for the draft and incorporates a number of additional elements such as the cognisance of Parish Plans, collaboration relating to elections, membership of the Standards Committee, financial arrangements and frequency of review. The end result is a Charter that is not only consistent with the national framework, but which will also reflect the expression of local priorities.
- 4.3 The draft Charter formalises many existing informal arrangements already existing between the two Councils and provides a basic framework for the future development of partnership working towards community involvement. The Charter also introduces a formal framework for local governance into the Council's relationship with the Town Council.
- 4.4 The Cabinet's attention is particularly drawn to paragraph 3.1 of the draft Charter which sets out the proposed Governance arrangements and the other arrangements to ensure effective engagement and liaison between the City Council and the Town Council via the Coalfields Area Committee. Accordingly, a report on the matter is to be considered by the Coalfields Area Committee at its meeting on 12<sup>th</sup> March and the views of the Committee will be reported to Council at its meeting on 25<sup>th</sup> March.
- 4.5 It should be noted that in many instances the Charter provides for possible agreements on joint actions but not binding commitments.

## **5.0 Reasons for the Decision**

- 5.1 The value of charters is widely recognised. Research from the Local Government Information Unit (LGIU) points to the benefits of improving relations between tiers of government, facilitating communication, and promoting partnership working.
- 5.2 The Town Council's role could be increasingly important in the current climate of increased neighbourhood empowerment, as Town and Parish Councils could have a significant role in delivering this agenda

## **6.0 Alternative Options**

- 6.1 The alternative of not adopting a Charter would not enrich the relationship between the City Council and the Town Council

## **7.0. Consultation and Next Steps**

- 7.1 Chief Officers of the Council have been consulted on the proposal and on the content of the draft charter.
- 7.2 A copy of the draft Charter has been delivered to the Town Council inviting comments on the document.
- 7.3 In the event of the Charter being agreed between the two Councils there would be an opportunity for a formal signing ceremony.
- 7.4 Clearly the Charter is not an end in itself and it should be used to build on the strong relationship that already exists. In particular, there may be scope for further collaboration in the areas of procurement where combined purchasing power could result in savings and extending the good practice of collaboration.
- 7.5 The draft Charter will be considered by Coalfield Area Committee at its meeting on 12<sup>th</sup> March.

## **8.0 Financial Implications**

- 8.1 There are no financial issues arising from this report which seeks to formalise the relationship of the two Councils and to lay out a formal framework for future engagement and possible collaboration. Financial implications arising from any future collaborative arrangements would be considered at that time as an integral part of the proposal.

## **9.0 Background Papers**

- Letter of 7.12.08 from Councillor G W K Hepple, Leader of Hetton Town Council
- LGIU Charters: A Good Practice Guide
- ODPM Model Charter

# DRAFT TOWN COUNCIL CHARTER

## Introduction

1. The Town Council of Hetton ("the Town Council") and Sunderland City Council ("the City Council") have agreed to publish a charter which sets out how they aim to work together for the benefit of local people in the communities of Easington Lane, Moorsley, East Rainton, Eppleton and Hetton-le-Hole ("the local communities"). This Charter is the result of discussions locally to establish a new way of working and to confirm existing good practice.
2. The City Council acknowledges that a Town Council is the grass-root level of local government. By working with it, the City Council aims to enhance its aspiration of most effectively acting in partnership with the local communities, while balancing the needs of the wider community.
3. In its role as a democratically accountable body, the Town Council offers a means of shaping the decisions that affect its communities. It offers a means of decentralising the provision of certain services and of revitalising the local communities. In turn, the Town Council recognises the strategic role of the City Council and the equitable distribution of services which it has to achieve.
4. This Charter reflects the increasing importance attached by Central Government to partnership working and the development of *Quality* status for Parish and Town Councils. Part 1 of this Charter applies to the Town Council. Part 2 applies to the Town Council only in the event of it obtaining a *Quality* Town Council charter mark ("a Quality Town Council"). There will be ongoing monitoring by the parties of the operation of the Charter. It will be formally reviewed after four years in operation by the City Council and the Town Council. Any party concerned about the operation of the Charter should bring it to the attention of the other party so the issue can be considered.
5. Any request by the Town Council to the City Council for information or assistance under this Charter should be made to the City Solicitor, unless the Charter specifies otherwise. The Clerk of the Town Council shall normally be its first point of contact.

## **Part 1 The Town Council**

### **1. SUSTAINABILITY**

- 1.1. The City Council will work in partnership with the Town Council to promote sustainable social, economic and environmental development for the benefit of the local communities.

### **2. COMMUNITY STRATEGIES AND LOCAL STRATEGIC PARTNERSHIPS**

- 2.1. The City Council will involve the Town Council in the processes of preparing and implementing the Sunderland Strategy to promote or improve the economic, social and environmental well-being of the area, and the role which the Town Council should take. The City Council will consult and involve the Town Council accordingly about the content and direction of the Sunderland Strategy as it affects the local communities it represents.

### **3. LOCAL GOVERNANCE**

- 3.1. It is important that the City Council and the Town Council maintain close relationships. The Council will undertake the following arrangements to ensure effective engagement and liaison between them:
  - The City Council has a Coalfield Area Committee which consists of City Councillors from the Copthill, Hetton, Houghton and Shiney Row Wards of Sunderland (“the Area Committee”) which will be seen as the principal link between the City Council and the Town Council. The Area Committee has a designated Area Regeneration Officer to act as an area lead officer. The Town Council will be invited to nominate a representative to attend meetings of the Area Committee and to be sent papers. In any event any Town Council member or resident is entitled to attend the Area Committee meetings.
  - The City Council will hold meetings with representatives of the Town Council as and when necessary to discuss matters of common interest.
  - The Town Council will invite representatives (members and/or officers) of the City Council to Town Council meetings and give them the opportunity to speak on appropriate matters. The Town Council will provide the City Council in advance of the meeting with a copy of the agenda and all reports.
  - Town Council representatives will have the right to request to address the City Council or its committees on any matters of local concern.
  - Appropriate Ward Councillors of the City Council will be encouraged to attend meetings of the Town Council wherever possible.

- The City Council will keep its relevant members informed of significant issues raised in correspondence with the Town Council. In turn, the Town Council will keep relevant City Council members informed about local views on any matter relating to their responsibilities.
- 3.2. The City Council will administer the Town Council elections. The respective authorities will work together to limit the costs of holding such elections. When Parliamentary and City Council elections are held on the same day, costs are shared equally between central government and the City Council. The same principle will be applied where Town Council and City Council elections are held on the same day. Common expenses, such as the cost of staffing polling stations, will be shared equally between the City Council and the Town Council although costs directly attributable to the Town Council election, such as printing of ballot papers, will be fully recharged.
- 3.3. Any documents or other information which the Town Council is required to send to the City Council should be sent to the Council's City Solicitor unless otherwise specified. Any documents or information to be sent by the City Council to the Town Council should be sent to the Town Clerk unless otherwise requested.

#### **4. CONSULTATION**

- 4.1 The City Council will aim to give the Town Council the opportunity to comment before making a decision which affects the local communities in the Town Council area. To help achieve this:
- the City Council will circulate to each Town Council in advance an electronic copy of each agenda for the Area Committee and papers attached to the agenda.
  - the agendas and non-confidential reports for all other committees are available for inspection on the City Council's website
  - any of the Town Council can request to be included in the electronic mailing list for any appropriate committee of the City Council
  - The Town Council can also request a copy of any public report at any time.

- 4.2 The City Council will seek to develop more effective ways of consulting with the Town Council, making use of information technology - in line with the City Council's Equalities Policy - using cost-effective means, as appropriate.
- 4.3 The City Council and the Town Council will make use of IT wherever possible and appropriate for the exchange of information, consultation documents, committee papers etc. It is anticipated that this will be the preferred means of communication in the future, and one of the objectives of this Charter is to promote effective and efficient communications between these two tiers of local government.
- 4.4 Only in exceptional circumstances will appropriate consultation not take place, in which case a written explanation will be given on request.
- 4.5. To help achieve the objectives laid down in this Charter and also to discuss matters of common interest, liaison and consultation (both formal and informal) will be further developed at Town Council level through meetings arranged as and when considered appropriate with appropriate City Councillors or officers.
- 4.6. The City Council will normally consult the Town Council on statutory and other major plans and any other proposals which could lead to significant changes in the parish area in respect of the following functions so far as they fall within the remit of the City Council:
- Housing provision,
  - Youth or community services provision,
  - Area Governance,
  - Electoral issues,
  - Local Plans,
  - Provision of Leisure and Cultural Services,
  - Public Transport, and
  - Traffic and Transportation.
- 4.7 The Town Council will also be consulted on all planning applications being determined in its area by the City Council.
- 4.8 The City Council will seek to develop arrangements wherever reasonably practicable and appropriate to enable the Town Council to be consulted on the following matters in so far as they affect the Town Council area:
- Arrangements and changes for waste collection and recycling
  - Highway and footway maintenance which impacts on local residents, such as tree pruning and the timing of any road works,
  - Proposals to divert, modify or extinguish public rights of way, or to change the status of routes,
  - Proposals for permanent traffic calming or other significant local traffic safety schemes,
  - Proposals for highway improvements,

- Procedures for the determination of planning applications,
  - Changes to Youth Service provision,
  - Changes to Education provision, and
  - Changes to Community Centre support.
- 4.9 When appropriate, consultation with other bodies that deliver services in the Town Council locality, e.g. Police, etc may be achieved through local liaison meetings involving the City Council and the Town Council.
- 4.10. The Town Council will involve the City Council in the preparation of:
- Town Plans,
  - Area Design Statements,
  - Community Action Plans, and
  - Community events.

For the purposes of this paragraph only, the Town Council will liaise initially with the relevant designated Area Regeneration Officer.

## **5. EMERGENCY PLANNING**

- 5.1 The Town Council will undertake to co-operate with the City Council's Emergency Planning procedures.
- 5.2 The appropriate Emergency Planning Officer will write to the Town Council as and when considered appropriate seeking updated information for inclusion in the emergency planning arrangements and the Town Council Emergency database.
- 5.3 The appropriate Emergency Planning Officer is available to talk about emergency planning arrangements within the area and can undertake specific areas of training as required.

## **6. DISSEMINATION OF URGENT INFORMATION**

- 6.1 The Town Council will undertake, where practicable, to support the City Council with any necessary dissemination to residents of the communities of urgent information from the City Council, for example, last minute cancellation of refuse collection or emergency planning warnings.

## **7. INFORMATION AND COMPLAINTS**

- 7.1 When the City Council consults the Town Council, it will provide it with sufficient information to enable it to reach an informed view on the matter, and give it adequate time to respond in accordance with the statutory requirements where applicable.
- 7.2 The City Council will communicate with the Town Council and others in the local communities by publishing *Sunrise* or any other appropriate publication decided upon by the City Council regularly and making it available to the local communities. It will also keep the Town Council informed by sending them copies of any other newsletters relevant to their local communities. In accordance with paragraph 4.3 this will be undertaken electronically wherever appropriate.
- 7.3 The Town Council will send the City Council through the relevant Area Regeneration Officer a copy of any newsletter published by them. The City Council may consider promoting Town Council initiatives in their newsletters and web sites.
- 7.4 The City Council will on request supply in an appropriate format, free of charge, or provide advice on how to otherwise access, the following information:
- Their financial report and statement of accounts,
  - The list of dates of meetings of their Council, committees and sub-committees,
  - Their statutory development plans,
  - Annual reports,
  - The Strategic Plan for Sunderland City Council and Local Community Strategies, and
  - Details of the internal organisational structure.
- 7.5 On request, the City Council will, where it considers it practicable and appropriate to do so, also provide the Town Council with the following (in so far as it relates to the Town Council area) free of charge, in an appropriate format, or provide advice on how to otherwise access, the following:
- Parents information booklets, detailing schools in the area,
  - Information from surveys and censuses,
  - Proposals for highway improvement, and
  - Electoral roll for the Town Council Area.
- 7.6 The City Council website will contain details of the Town Council. The Town Council agree to inform the City Council of any change of details.

- 7.7 The City Council and the Town Council will acknowledge letters sent by the other party, and both will provide substantive answers to letters which need a reply in accordance with the provisions of the City Council's policy for responding to correspondence to Members. This provides that an acknowledgement will be made within 5 working days and a substantive reply within 10 working days or if the matter is complex, within 15 working days, but if a full reply cannot be given in that time, that initial reply will indicate the reason why and when a full reply can be expected.
- 7.8 This Charter should ensure smooth and effective communication between the Town Council and the City Council. However, if the Town Council is dissatisfied any complaints would in the first instance be handled by the City Solicitor, in consultation with the relevant Executive portfolio holder. If the matter could not be resolved at this level, or raised issues of wider concern, then it could be referred to the City Council's Standards Committee (for issues relating to ethical framework) or the Coalfield Area Committee (for any other matters). The corporate complaints procedure would still be available for individual casework.
- 7.9 The Town Council undertake to have in place a complaints procedure to address complaints which concern the administration and procedures of the Town Council. This is required because the Town Council, unlike the City Council, is not subject to the jurisdiction of the Local Government Ombudsman. However, in the event of a complaint about the behaviour of a Town Councillor, which involves an alleged breach of the Town Council Code of Conduct, there is recourse to the Standards Board for England.

## **8. STANDARDS COMMITTEE**

- 8.1 Both the City Council and the Town Council have adopted codes of conduct, based on the national model code of conduct. The Town Council will work with the City Council's Standards Committee to promote and maintain high standards of conduct. The Standards Committee comprises 5 City Councillors, 3 independent members and 2 member of the Town Council (nominated by the Town Council).
- 8.2 The City Council's Monitoring Officer is also the Monitoring Officer for the Town Council and will provide support, where appropriate, to the Town Council with regard to the ethical framework for the governance of the Town Council.

## **9. DELEGATING RESPONSIBILITY FOR SERVICE PROVISION**

- 9.1 If the Town Council wishes to discharge functions on behalf of the City Council, the City Council will consider this where it provides best value (taking account of cost, quality, local preferences and practicability). Where it is not good value or practicable the City Council will, in consultation with the Town Council, explore alternative solutions to encourage more local-level input into service delivery.

## **10. FINANCIAL ARRANGEMENTS AND CONCURRENT FUNCTIONS**

- 10.1 Under the Local Government Finance Act 1992 ("the 1992 Act"), the Town Council has the discretion to issue a precept to the City Council. A precept must state, as the amount payable by the City Council for the year, the amount which has been calculated by the Town Council under section 50 of the 1992 Act as its budget requirement for the year. A precept has to be issued before 1<sup>st</sup> March in the financial year preceding that for which it is issued.
- 10.2 There are certain functions (called "concurrent functions") which may be carried out by both the City Council and the Town Council. A list of the main concurrent functions is set out in Annex A of the *Guidance Note on Financial Arrangements with Parish and Town Councils* ("the Guidance Note") appended to *The Quality and Parish Town Council Scheme* issued by the ODPM (June 2003). These concurrent functions may be carried out by the Town Council either because they have power to carry out the functions themselves or because the City Council has agreed they can be carried out on its behalf by the Town Council. Where concurrent functions are exercised by both the City Council and the Town Council it is recognised that there is a risk of double taxation, that is to say the resident of a parish area being required to pay for a service through the parish precept and also paying for the same service elsewhere in the City through the City Council's council tax. The City Council and the Town Council agree to work together to ensure that as far as possible financial arrangements are in place to avoid double taxation and to this end the councils will have regard to the principles and good practice guidance contained in the Guidance Note.
- 10.3. Where any agreement is reached for the Town Council to take on the provision of certain services on behalf of the City Council, the level of funding will also be agreed by the City Council and the Town Council.

## **11. LOCAL COMMUNITY LIFE**

- 11.1 The City Council has in place the Sunderland Strategy which is the city's sustainable community strategy setting out what the people who live, work and study in the city today would like to see by 2025. The Strategy is to be delivered by the Sunderland Partnership which is the city's Local Strategic Partnership. It brings together the public, private, community and voluntary sectors to work together to achieve success, encourage improvement, and tackle and overcome problems for the benefit of all citizens now and in the future. In addition, through its Area Committees, the Council provides financial assistance to smaller community groups and organisations.
- 11.2 The Town Council have powers under section 137 of the Local Government Act 1972 to make grants to community and voluntary groups within their parishes. It is recognised that these grants, which are subject to certain criteria, are valuable to community life, assisting for instance local Community Associations and Youth Groups.
- 11.3 Citizen engagement will be a high priority matter for the Town Council. Information derived by whatever process will be shared with the City Council.

## **12. PRACTICAL SUPPORT**

- 12.1 On request the City Council will, where practical and if resources permit, offer the Town Council access to its support services, to enable them to take advantage of such services, at a mutually agreed fee, such services including:
- Legal matters,
  - Committee and procedural arrangements,
  - Arboricultural services,
  - Property management, acquisition and disposal,
  - Catering services,
  - Servicing equipment,
  - Printing and purchasing,
  - Human resources,
  - Information technology and telecommunications, including systems development and PC support,
  - Advice leaflets on consumer matters,
  - Administration of members' allowance where these are taxable, and
  - Procurement.

12.2 The Town Council will also be able to have access to the City Council's standing lists of approved contractors in order to assist it in the procurement of any goods, works or services.

12.3 In addition, the City Council will where practicable and resources permit be willing to help in the following ways:

- To display information in libraries and council offices,
- To provide information and advice on fire safety matters,
- To provide information and advice on health and safety matters,
- To provide advice on landscape and community enhancement projects,
- To provide training opportunities and facilities for Local Councillors and Clerks, when requested, and
- To process temporary and periodic road closures for community events.

If at all possible, such help will be provided free of charge, or at the most beneficial rates the City Council can allow. In any event, the cost of any necessary statutory advertisements will be borne by the Town Council.

12.4 The City Council will sympathetically consider any request by the Town Council for the shared use or allocation of buildings, facilities and other assets, on terms that are equitable to, and agreed by, both parties following careful consideration of the financial and estate management implications of any proposal.

## **Part 2 The Quality Town Council**

Part 2 applies to the Town Council only in the event of it obtaining a *Quality* Town Council charter mark ("a Quality Town Council")

13.1 In addition to the above, the City Council has agreed to work in the following ways with the Town Council when it has been recognised as having attained *Quality* status.

## **14. COMMUNITY STRATEGIES**

14.1 Where the *Quality* Town Council has prepared a town plan the City Council will take account of its proposals and priorities in developing and implementing the Sunderland Strategy as it affects the local communities concerned. The City Council will seek to strengthen links between the Town Council and the Local Strategic Partnership in order to improve delivery of local priorities.

## **15. LAND USE AND DEVELOPMENT PLANNING**

- 15.1 Where the *Quality* Town Council has prepared (in consultation with the City Council a town plan which includes proposals concerning land use and development planning issues (e.g. a town/village design statement) the City Council may adopt this as Supplementary Planning Guidance (provided it meets the requirements set out in national planning guidance).
- 15.2. Where the town plan proposals imply some changes to the current development plan or the future local development framework for their area, the City Council will consider and discuss the proposals with the Town Council as part of its next review of that plan.

## **16. DELEGATION OF FUNCTIONS AND SERVICE PROVISION**

- 16.1 As part of its Best Value arrangements, the City Council will give the *Quality* Town Council, if it wishes, the opportunity to put forward proposals to take on aspects of the delivery, management and monitoring of services provided by the City Council. On receiving such a request the City Council will have regard to the following matters:
- Best Value considerations including costs, potential double charging of residents, economies of scale, workforce implications and the use of buildings and equipment etc.,
  - The capacity of the Town Council to provide the service,
  - The provision of a coherent pattern of services that is understandable to the public,
  - Transparent and accountable arrangements, and
  - Equality and diversity policies and procedures of the City Council.
- 16.2 If any arrangements are made whereby the Town Council will deliver, manage or monitor services provided by the City Council, a service level agreement incorporating details of the duration of the arrangements and the other conditions that will apply will be entered into in each case.

**Cabinet - 11th March, 2009**

**Comprehensive Performance Assessment - Use of Resources - Auditors Judgement 2007/2008**

**Report of the City Treasurer**

**1. Purpose of Report:**

- 1.1 To advise Cabinet of the outcome of the Comprehensive Performance Assessment - Use of Resources - Auditors Judgement 2007/2008.

**2. Description of Decision**

- 2.1 Cabinet is requested to note the outcome of the Auditors Comprehensive Performance Assessment - Use of Resources - Auditors Judgement 2007/2008 and refer it to the Policy and Co-ordination Review Committee and then to Council for consideration.

**3. Background to Use of Resources Judgement**

- 3.1 The current Comprehensive Performance Assessment - Use of Resources judgement evaluates how well Councils manage and use their resources. It covers five themes:
- Financial reporting;
  - Financial management;
  - Financial standing;
  - Internal control; and,
  - Value for money.
- 3.2 The Audit Commission judges each theme across the following scale:
- 1 Below minimum requirements – inadequate performance;
  - 2 Only at minimum requirements - adequate performance;
  - 3 Consistently above minimum requirements – performing well;
  - 4 Well above minimum requirements – performing strongly.
- 3.3 In considering scores of 3 and above the Audit Commission assess whether relevant arrangements are embedded. To achieve a score of 4 the Audit Commission considers whether a Council can demonstrate notable practice.
- 3.4 This is the fourth successive year when the Audit Commission have carried out such an assessment.

#### 4. Summary Findings

4.1 A copy of the report received from the Audit Commission is attached for the consideration.

4.2 The report findings are summarised below.

##### Overall Score

4.3 In overall terms the Council has maintained and strengthened its level 4 assessment (performing strongly). The report states that the Council's performance demonstrates commitment to delivering value for money and to using resources effectively. Scores have improved over the 2006/2007 assessment with four out of five themes now scored at level four overall. This reflects the significant efforts made across the Council to drive improvement in managing the Council's financial resources.

4.4 The following table summarises the scores achieved in each theme and for each Key Line of Enquiry level.

Key Lines of Enquiry	Score 2008	Score 2007
<b>Financial Reporting</b>	<b>4</b>	<b>3</b>
The Council Produces annual accounts in accordance with relevant standards and timetables, supported by Comprehensive Working Papers	4	3
The Council promotes external accountability	4	4
<b>Financial Management</b>	<b>4</b>	<b>4</b>
The Councils medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities	4	4
The Council manages performance against budgets	4	4
The Council manages its asset base	3	3
<b>Financial Standing</b>	<b>4</b>	<b>4</b>
The Council manages its spending within the available resources	4	4
<b>Internal Control</b>	<b>4</b>	<b>4</b>
The Council manages its significant business risks	4	4
The Council has arrangements in place to maintain a sound system of internal control	3	4
The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	4	4
<b>Value for Money</b>	<b>3</b>	<b>3</b>
The Council currently achieves good value for money	3	3
The Council manages and improves value for money	4	4

4.5 For each theme the report sets out areas of notable practice identified during the assessment together with identified opportunities for improvement.

#### 4.5.1 Notable Practice

##### Financial Reporting

- Councils approach to producing year end financial statements;
- Format of the Annual Report.

##### Financial Management

- Quality of the Medium Term Financial Strategy;
- Budgetary control processes and reporting.

##### Financial Standing

- Comprehensive Medium Term Financial Strategy.

##### Internal Control

- Risk Management
- Arrangements in place to promote and prevent fraud and corruption.

##### Value for Money

- Corporate Value for Money Framework.

#### 4.5.2 Opportunities for Improvement

##### Financial Management

- Consider how asset management strategies can be further developed to deliver corporate priorities;
- Address issues raised in both internal and external audit work with respect to operational property management.

##### Internal Control

- Improve the consistency of scrutiny functions and develop a culture of consistent and effective challenge to key decisions;
- Further develop business continuity planning through improving ICT disaster recovery arrangements.

##### Value for Money

- Improve user satisfaction rates which are lower than in some neighbouring authorities;
- Improve BVPI performance which in some areas continues to be mixed, particularly on waste and recycling;
- Reduce sickness absence levels;
- Demonstrate that BSF and PFI investment is delivering expected service outcomes.

Actions plans are in place, or are being finalised to address the above issues.

## **5. Use of Resources 2008/2009 Assessment**

- 5.1 From 2008/2009 the auditor's assessment of use of resources will be based on new key lines of enquiry and will form part of the new CAA performance assessment framework.
- 5.2 The new Key Lines of Enquiry include a stronger focus on value for money achievements with greater emphasis on commissioning of services, partnership working and outcomes for local people.
- 5.3 The assessment is structured into three themes
- Managing finances: sound and strategic financial management;
  - Governing the business: strategic commissioning and good governance;
  - Managing resources: effective management of natural resources, assets and people.
- 5.4 An exercise is currently underway to gather evidence and progress actions to ensure the new key line of enquiry standards are met for 2008/2009.

## **6. Suggested reason(s) for Decision:**

- 6.1 To ensure Cabinet is aware of the performance of the Council in relation to its Use of Resources Assessment for 2007/2008 as independently assessed by the Audit Commission.

## **7. Alternative options to be considered and recommended to be rejected**

- 7.1 None recommended.

## **Background Papers**

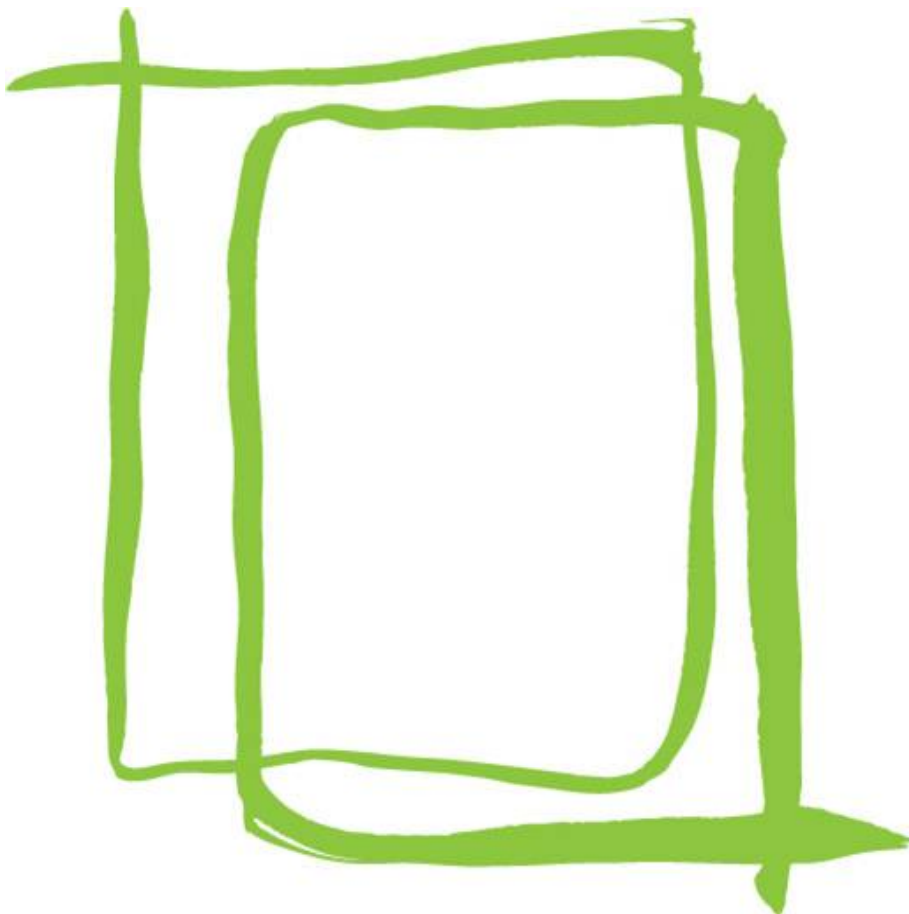
None

# Use of Resources

Sunderland City Council

Audit 2007/08

December 2008



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# Contents

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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Introduction

- 1 The Use of Resources assessment evaluates how well councils manage and use their resources. This is the fourth assessment carried out at the Council and is the last under the CPA framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment. The assessment for Use of Resources focuses on the importance of having strategic financial management, sound governance and effective financial reporting arrangements. These should support the Council in the achievement of its priorities and improving services, whilst delivering value for money.
- 2 This assessment relates to the financial year 2007/08 and is based on the key lines of enquiry for 2008. Changes to the criteria underpinning the key lines of enquiry were consulted on in April 2007 and the final key lines of enquiry were published in August 2007. These changes were made to:
  - reflect developments in professional guidance, legislative requirements and best practice; and
  - signal some of the changes proposed for the new use of resources under CAA, smoothing the transition to CAA.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

**Table 1      Standard scale used for assessments and inspections**

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2008, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.

- 5 The five theme scores for Sunderland City Council are outlined in Table 2, and support the Council's overall score of 4 for use of resources as advised by the Audit Commission on 8 December 2008.
- 6 The summary report which follows sets out our key findings in relation to each theme and key areas for improvement.

# Use of resources judgements

**Table 2 Summary of scores at theme and KLOE level**

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
<b>Financial reporting</b>	<b>4</b>	<b>3</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	4	3
1.2 The Council promotes external accountability.	4	4
<b>Financial management</b>	<b>4</b>	<b>4</b>
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	4	4
2.2 The Council manages performance against budgets.	4	4
2.3 The Council manages its asset base.	3	3
<b>Financial standing</b>	<b>4</b>	<b>4</b>
3.1 The Council manages its spending within the available resources.	4	4
<b>Internal control</b>	<b>4</b>	<b>4</b>
4.1 The Council manages its significant business risks.	4	4
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	4
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	4	4
<b>Value for money</b>	<b>3</b>	<b>3</b>
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	4	4

# Theme summaries

- 7 The key findings and conclusions for each of the five themes are summarised in the following tables.

## Financial reporting

<b>Theme score = 4 (performing strongly)</b>
<b>Key findings and conclusions</b>
<p><b>1.1 Council produces annual accounts in accordance with relevant standards and timetables</b></p> <p>The quality of working papers to support the Council's financial statements has improved steadily over recent years and all of the key supporting documents are now available electronically, hyperlinked to relevant assertions in the draft accounts. Processes for internal review prior to audit, and for dealing with audit queries and requests for information, have also improved this year and include a detailed analysis of outturn compared to budget and previous years. A log is maintained of audit queries, this was monitored on a daily basis to ensure that prompt and appropriate responses had been received.</p> <p>Only 3 very minor errors were identified during the 2007/08 audit, which represents a notable achievement given both:</p> <ul style="list-style-type: none"> <li>the size and complexity of the Council's accounts, and</li> <li>the significant changes to financial reporting requirements this year.</li> </ul> <p><b>1.2 Council promotes external accountability</b></p> <p>The Council promotes external accountability by seeking to make key information available to the public through its publications and the increasingly important medium of their website. The website makes available a number of key documents, including agendas and minutes, the published financial statements and annual report, audit and inspection outcomes and other key publications, as well as a range of information on Council services, the local area, environmental and sustainability issues and equalities. Documents can be provided in a variety of languages, braille and voicetape if required, and the home page of the website makes this clear.</p> <p>The annual report is notable in that it presents financial data in a user friendly way and links financial data, performance information and local people's views. This year's annual report also included information on the Council's carbon footprint, environmental and sustainability issues.</p>

## Theme summaries

Key improvement areas	
KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	None.
KLOE 1.2 The Council promotes external accountability.	None.

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## Financial management

Theme score = 4 (performing strongly)
Key findings and conclusions
<p><b>2.1 Council's MTFS, budgets and capital programme are soundly based</b></p> <p>The Council's MTFS is updated annually and is underpinned by detailed financial modelling. It contains reasonable assumptions as to cost changes, government funding levels and other available sources of financing. The quality of the MTFS has been recognised as representing notable practice in terms of its scope, level of detail, integration with corporate improvement planning and the inclusion of partnership information.</p> <p>Members are fully engaged in financial planning and have set challenging targets for officers with respect to collection rates, treasury management, precept increases and levels/use of balances. Members also play a key role in the extensive consultation with local people and stakeholders which is carried out to inform the MTFS and budget setting each year.</p> <p><b>2.2 Council manages performance against budget</b></p> <p>Despite having over 60 budget holders, the Council has an enviable track record in maintaining spend within budget. No significant overspends have been experienced in recent years and the quality and detail of quarterly financial management reports demonstrate notable practice. Integrated financial and performance management reports presented to members are forward looking and incorporate an appropriate level of cash flow management and balance sheet reporting. Risk management principles of probability and impact assessment are applied to focus on and address key issues. There is also an annual review of the financial performance and value for money delivered in key partnerships.</p>

## Financial management (continued)

### 2.3 Council manages its asset base

Asset records are well maintained and there is a rolling programme for valuations and inspections. Capital strategies and asset management plans are comprehensive and benefit from appropriate member involvement. Arrangements in place and embedded ensure that:

- capital investment decisions are soundly based;
- asset use is maximised; AND
- surplus assets are identified and disposed of.

However the Council recognises that scope exists for further improvement in this important area, and a service review of asset management is currently underway.

#### Key improvement areas

KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	None identified.
KLOE 2.2 The Council manages performance against budgets.	None identified.
KLOE 2.3 The Council manages its asset base.	<ul style="list-style-type: none"> <li>• Asset management strategies are in place but can be further developed to help deliver corporate priorities.</li> <li>• Internal and external audit have identified that there are issues to address in respect of operational property management.</li> </ul>

### Financial standing

<b>Theme score = 4 (performing strongly)</b>	
<b>Key findings and conclusions</b>	
<b>3.1 Council manages its spending within available resources</b>	
<p>The Council is well placed financially and the MTFS sets out in some detail how these resources will be used to fund corporate priorities and to improve services. The Council has a good track record of securing additional sources of finance from grant funding and the private sector, including PFI schemes and other public/private partnerships. There are numerous examples of how targeted financial investment has tackled underperforming services and this takes place in a structured way through the strategic investment reserve and business improvement programme.</p> <p>A comprehensive set of financial performance targets are in place and reported quarterly alongside:</p> <ul style="list-style-type: none"><li>• revenue and capital outturn;</li><li>• variances from budget, proposed virement and use of contingency funding;</li><li>• key balance sheet ratios; and</li><li>• expected levels and planned use of balances.</li></ul> <p>In this way both officers and members receive a complete picture of the Council's financial position and risk management techniques (impact/probability assessment) are used to focus attention on possible future problems.</p> <p>Target levels for balances and reserves are set out in the MTFS and where these are exceeded, cost/benefit analysis is carried out and reflected in treasury management strategies going forward.</p>	
<b>Key improvement areas</b>	
KLOE 3.1 The Council manages its spending within the available resources.	None identified.

## Internal control

**Theme score = 4 (performing strongly)**

**Key findings and conclusions**

**4.1 Council manages its significant business risks**

Risk management is fully embedded into all corporate processes and benefits from appropriate involvement from both members and external consultants. The Council continues to be regarded as a leader in this area, receiving numerous awards and being invited to speak at regional and national conferences and workshops.

Existing arrangements have been improved this year by:

- including sustainability impact appraisals into major project risk assessments;
- canvassing external stakeholder views when updating the corporate risk profile; and
- identifying opportunities as well as risk.

**4.2 Council has arrangements in place to maintain a sound system of internal control**

All of the expected internal controls are in place and embedded. The Council's audit and governance committee, and Internal Audit function, are proactive in their role and financial systems are well controlled. Good governance arrangements are in place for partnerships which include template partnership agreements and guidance on performance management, risk management and procurement.

However, the Council has not met new KLOE criteria concerning:

- effectiveness of scrutiny; and
- business continuity and disaster recovery arrangements.

**4.3 Arrangements to promote and ensure probity and propriety in the conduct of its business**

The Council has strong arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business. All of the level 4 criteria are in place and are well embedded. Fraud and governance are key components of risk management arrangements and Internal Audit coverage is comprehensive.

Member training, staff induction and other corporate processes stress the importance of high ethical standards and the need to comply with codes of conduct etc. This message is reinforced through the Council intranet, staff newsletter and payslip information, which has been identified as notable practice.

No significant frauds have been discovered in recent years and ombudsman and standards board referrals are low.

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### Internal control (continued)

Key improvement areas	
KLOE 4.1 The Council manages its significant business risks.	None
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	<ul style="list-style-type: none"><li>• Improve the consistency of scrutiny functions, and develop a culture of consistent but appropriate challenge to members on key decisions.</li><li>• Further develop business continuity, through ICT disaster recovery arrangements.</li></ul>
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	None.

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## Value for money

### Theme score = 3 (performing well)

#### Key findings and conclusions

##### 5.1 Council currently achieves good VfM

The Council is not a high cost authority overall and this is reflected in council tax levels. Cost profiles are related to priorities and are broadly similar to last year. There is a continued good understanding of costs and related performance. Gershon efficiency savings have been delivered well in excess of both Government and locally set targets. These savings, together with unspent budget contingencies, have been reinvested to improve services for the public. The shift to a preventative agenda in relation to social care activity is delivering services more focussed on need and improved outcomes, and areas of longstanding underperformance are now being tackled, such as planning and recycling. All CPA service blocks have been assessed as either 3 or 4 in 2007.

Barriers to a level 4 assessment were identified as:

- below average user satisfaction survey results;
- mixed BVPI performance in some service areas; and
- high sickness levels which continue to reduce capacity and value for money.

##### 5.2 Council manages and improves VfM

The Council's value for money framework has been recognised as representing notable practice and continues to drive improvement. It has been updated in 2008 to reflect CAA, the new Sunderland strategy and national indicator sets. The framework is successful because it is a continuous process which:

- effectively links performance, risk and financial management; and
- is adequately resourced and underpinned by a strategic investment plan, dedicated improvement team and business improvement programme.

Procurement processes are also helping to improve value for money by placing a clearer focus on the 'whole life' balance of quality and cost. The Council was also able to demonstrate improved skills and resources in respect of project and programme management.

Initiatives to identify and review areas of high spend or poorer performance are having a positive impact and have been further refined during the year, with reviews of leisure services and asset management now under way. Significant investment is also planned in:

- secondary schools, through BSF grant funding;
- a waste disposal partnership with Gateshead and South Tyneside MBC's.

This should lead to improved services in the future.

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### Value for money

Key improvement areas	
KLOE 5.1 The Council currently achieves good value for money.	<ul style="list-style-type: none"><li>• Improve user perception, particularly on value for money</li><li>• Improve BVPI performance particularly on waste and recycling</li><li>• Reduce sickness absence levels</li><li>• Demonstrate that BSF and PFI investment is delivering expected service outcomes.</li></ul>
KLOE 5.2 The Council manages and improves value for money.	None identified.

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# Conclusion

- 8 The Council's performance demonstrates a clear commitment to delivering value for money and to using resources effectively. 4 out of 5 themes are now scored at level 4 overall and only 3 out of 11 sub-themes are scored below this at level 3.
- 9 Numerous examples of notable practice have been identified and these include:
  - the Council's approach to producing year end financial statements;
  - format of the annual report;
  - quality of medium term financial planning;
  - budgetary control processes;
  - financial reporting;
  - risk management;
  - arrangements in place to promote probity and prevent fraud and corruption; and
  - the corporate value for money framework.
- 10 Key improvement areas have been identified as follows:
  - The Council's scrutiny function meets Local Government Act requirements and has made some useful contributions to policy development in recent years. However the quality of outcomes is variable and officers were unable to demonstrate a culture of consistent and effective challenge to key decisions.
  - There is scope to further develop business continuity planning, through improving ICT disaster recovery arrangements
  - User satisfaction rates are lower than some neighbouring authorities.
  - BVPI performance in some service areas continues to be mixed, particularly on highways, waste and recycling.
  - Asset management strategies are in place but can be further developed to help deliver corporate priorities.
- 11 Internal and external audit have identified that there are issues to address in respect of operational property management.

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## Use of resources 2008/09

- 12 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).

## Conclusion

- 13 Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including: a clearer focus on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 14 The assessment is structured into three themes:
  - managing finances: sound and strategic financial management;
  - governing the business: strategic commissioning and good governance; and
  - managing resources: effective management of natural resources, assets and people.
- 15 The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. Not all key lines of enquiry in the managing resources theme will be assessed each year. For Sunderland City Council, this means that we will assess natural resources and strategic asset management, but not work force planning, in the first year of the assessment.
- 16 The Commission will then specify, in its annual work programme and fees document for local government, which key lines of enquiry will be assessed in each year.

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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