


| | |
|---|--|
|  | REPORT TO CABINET TO BE HELD ON 19 JANUARY 2016 |
| | Key Decision Yes Forward Plan Ref No 30 |
| Corporate Aim Improving the Council | Cabinet Portfolio Holder Cllr. M. Donohue-Moncrieff |

REPORT OF THE DIRECTOR (LD) – 16/19

WARDS AFFECTED: ALL

SUBJECT: GOVERNANCE REVIEW

RECOMMENDATIONS:

The Cabinet to recommend to the Council that:

- (i) With effect from the civic year 2016/17, the current structure of four scrutiny committees is replaced by a new model for overview and scrutiny centred on a single nine Member Overview and Scrutiny Board as detailed in paragraph 5.13 and Appendix 1 of this report;
- (ii) The three remaining area committees are discontinued;
- (iii) The Monitoring Officer is given delegated authority to make the necessary changes to the Constitution flowing from the introduction of the new overview and scrutiny model and disbandment of the area committees;
- (iv) An online library of Member briefings is put in place to complement the developing programme of public Member briefing sessions;
- (v) Training on the new structure, processes, and scrutiny skills is delivered to Members as part of the implementation of the new model; and
- (vi) The new scrutiny arrangements are reviewed after the first year's operation.

REASON FOR RECOMMENDATIONS:

- To improve the governance of the Council
- To deliver a more outcome-focused, responsive and meaningful scrutiny function which gives more fulfilment to Members and improves the Council's reputation

HIGHLIGHTED RISKS:

That the Council's scrutiny and governance arrangements:

- (i) fail to adapt to the unprecedented challenges facing local government, namely the dramatic reduction in finances, radical changes in service provision, and increasing expectations from service users; and
- (ii) fail to reflect and enable the developing role of the frontline councillor to respond effectively to constituents' concerns and so improve the reputation of the Council.

1. INTRODUCTION

1.1 The scrutiny function (or overview and scrutiny as it is sometimes called) was established by the Local Government Act 2000 to lend greater transparency and accountability to the Council's decisions by:

- publicly holding the Council's Executive (the Cabinet) to account
- examining matters of wider public interest
- contributing to policy review and development

1.2 The Centre for Public Scrutiny has identified four fundamental principles of scrutiny:

- Challenge: To provide 'critical friend' challenge to executives as well as external authorities and agencies
- Engagement: To enable the voice and concerns of the public and its communities
- Leadership: To take the lead and own the scrutiny process on behalf of the public
- Performance improvement: To make an impact on the delivery of public services

1.3 Since July 2011, the Council has operated a structure of four scrutiny committees:

1. Environment and Economy Scrutiny Committee
2. Health and Wellbeing Scrutiny Committee
3. Safer and Stronger Communities Scrutiny Committee
4. Resources Scrutiny Committee

- 1.4 The first three committees focus on broad themes aligned to the Council's Corporate Plan, whilst the fourth takes a strategic overview of the Council's budget, organisation of services and staff. Each committee comprises 13 members and has five scheduled meetings a year.

2. CORPORATE AIMS

- 2.1 Improving the Council.

3. BACKGROUND AND ISSUES

- 3.1 For some months, officers have been working with the Cabinet, scrutiny and area committee chairs and vice-chairs, and the Governance Working Group to consider how to deliver a more efficient and effective scrutiny function with reduced resources, whilst also questioning the future need for the three area committees, especially since from 2016/17 there will no longer be provision in the Council's budget for the area committee community grants.

- 3.2 Various arguments have been put forward for these changes:

- (i) generally, the unprecedented challenges facing local government: dramatic reduction in finances, radical changes in the provision and delivery of services and increasing expectations from service users;
- (ii) specifically for scrutiny, the increased emphasis on demonstrable outcomes and doing more for less;
- (iii) growing number of local authorities which have pared down their scrutiny committee structures and in doing so, focused their resources less on overview and more on scrutiny; less on committees and more on task groups; less on debate and more on investigation;
- (iv) seeking to manage scrutiny's workload more effectively, by introducing a more systematic and longer term approach to work programming in closer collaboration with the Executive and more closely aligned with the Council's change and efficiency programme and corporate priorities, whilst still creating space for challenge and for ward councillors to enable the voices and concerns of their constituents;
- (v) exploring alternative ways of communicating to Members outside of the committee setting such as written briefings and briefing sessions;
- (vi) impact of reduced Government funding and austerity measures, particularly on 'back office' services and level of committee support;
- (vii) the frequent duplication of the area committees' work programme with scrutiny and the potential to tackle local issues either through scrutiny or in alternative ways to a council committee of local members.

Development seminar – June 2014

- 3.3 In June 2014, the Council engaged Frontline Consulting to facilitate a seminar in which senior management, the Leader, Cabinet Member for Democracy, and scrutiny and area committee chairs and vice-chairs all participated to enable the Council as an organisation to reflect not only on the committee structures, but on wider aspects of governance including the purpose of scrutiny and area committees.
- 3.4 The seminar did not address the issue of committee structure directly but did return to the fundamental principles of scrutiny outlined above, and how area committees fitted into this picture. The seminar threw up a variety of different views about how well the scrutiny was performing against these criteria, but the majority view was that with the exception of a handful of successes, the scrutiny function's enactment of these principles was patchy at best.
- 3.5 The state of the area committees also produced a range of views, but the overall view was that although each area committee performed differently, the format itself was tired, and attracted little or no public interest (with the odd exception). The best examples of their activity were when they enabled local concerns (e.g. raised by parish councils) to be referred to either County Council or Borough Council scrutiny e.g. transport issues raised at the Northern Area Committee. However, on the whole there was a disconnect between the area committees and scrutiny, and sometimes duplication in their activities.
- 3.6 With reference to the development seminar's findings and the four fundamental principles, the officer report called for a cultural shift in the organisation which (together with a shift in resources and move to an appropriate committee structure) made 'scrutiny reviews' the primary objective and modus operandi of the function. Under these arrangements, the committees would become in the main commissioning bodies, which considered performance information on a strictly exception basis and/or issues of local public concern, and then decided what to do with it. It was envisaged that there would remain a role for the committees to be consulted on new policies and initiatives (both the Council's and partners), and to keep abreast of changes in the police and health services, but how much time and resources they spent on these matters would need to be carefully managed. More specifically, the report recommended the following:
- (i) introduce an annual refresh of the scrutiny work programmes based on various possible sources of information: the councillor survey; a Cabinet Forward Plan which identifies appropriate areas of policy review and development; the new expanded performance management reporting framework (through Cabinet) which also encompasses the Council's significant partnerships; the Local Area Survey (and similar Residents' Panel data); the new Complaints Policy which can highlight trends in user dissatisfaction and other performance-related data in a timely way which

may prompt a scrutiny investigation; and four area based 'scrutiny café' type events;

(ii) reduce in principle the number of scrutiny committees;

(iii) disband the area committees;

(iv) arrange training for councillors and officers based on this clearer and more focused approach to scrutiny.

3.7 Members rejected the notion of any structural change, defending the work of the four current scrutiny committees and particularly the Northern Area Committee, and highlighting a number of risks associated with reducing the number of scrutiny committees:

- important information would be overlooked
- many non-executive councillors would no longer have a role, and feel marginalised
- democracy would be diminished

3.8 But Members supported the idea of closer collaboration with the County Council on scrutiny issues, Member training, and of trialling new approaches such as the scrutiny café.

Developments since July 2014

3.9 Given Members' continued support for the status quo in July 2014, officers' efforts for the remainder of 2014/15 focused on completing scrutiny work programmes and reviews by the end of the Council, and preparation of induction material for the new intake of councillors in May 2015, including reference in the scrutiny training of the current issues and challenges around the scrutiny function.

3.10 The induction referred to the two opposing approaches to scrutiny: thematic committee arrangements covering the breadth of council and external services, and those who wish to see the scrutiny function doing far less, but what is done, done very well. The latter is very much the view of the national advisory body, the Centre for Public Scrutiny. Jessica Crowe, the former Executive Director of CfPS, commenting on the organisation's award winners in 2013, stated: 'Less but better scrutiny would also enable authorities to defend continuing to resource scrutiny in a time of highly challenging resources. This kind of focused, demand-led, influential, well organised scrutiny would be more likely to win an award and, more importantly, would be more likely to have a beneficial impact on local communities.'

3.11 Following the Francis and Jay reports into widespread abuse in Rotherham and the care scandal in Mid-Staffordshire, the CfPS has stepped up its calls for cultural change in town halls, that is, for 'Forensic, targeted and meaningful scrutiny', not only for health and social care, but for all public services. The CfPS report (September 2014) lambasts scrutiny functions for remaining stuck

in the habits of the old committee system, noting reports at face value, without taking the time to gather data from service users and other sources to delve deeper, triangulate and so obtain a truer picture. The CfPS advice is: Know how to identify and prioritise issues effectively, do scrutiny where it is really warranted, and do it better.

3.12 In a similarly hard-hitting report 'The Change Game' (June 2015) the CfPS calls on councils to raise their game through scrutiny to use the function more effectively to help meet the enormous challenges they face to transform service delivery and balance budgets. The CfPS advocates a 'whole council' approach which engages executive members and senior management, driven by strong councillor leadership, based on the now familiar principles of:

- ruthless and consistent prioritisation – identifying a focus area
- flexibility – changing scrutiny's processes to allow councillors to make quick decisions to look at things quickly and conclusively, where the council's priorities might be changing, but sticking to the focus.

3.13 Commenting on Grant Thornton's Local Government Governance Review in 2013, Paul Hughes, Director of GR, noted that 'scrutiny was again one of the lowest-scoring areas of our survey: forty per cent of senior officers and members say that their scrutiny function does not demonstrate the value it adds. Survey respondents were asked what would improve scrutiny in their council. The top three responses majored on the 'softer' aspects of scrutiny:

- improved clarity on role
- more strategic view and focus on key information
- training for members'

4. CONSULTATION

4.1 The proposals in this report have undergone various revisions in light of consultation with the Cabinet, chairs, vice-chairs, the Governance Working Group and the wider membership of the Council.

5. ASSESSMENT

5.1 In assessing how to take the Council's Governance Review to the next stage, this report therefore focuses on an improved clarity of role for Members, more strategic view and focus, and Member training, in order to address the stark challenges outlined by the CfPS and ensure that with the Council's limited resources, scrutiny is addressing what is important each year to make a difference to the lives of the Borough's residents and businesses.

Scrutiny work programmes 2015/16

5.2 This year for the start of the new Council, in an effort to give the scrutiny work programmes a thorough refresh, officers undertook a public consultation through the Residents Panel to identify some potential areas for scrutiny

review. The three most popular issues from the survey – environment / street scene, residents parking, and the reputation of the Council – then formed the subject areas for a ‘scrutiny café’ held with both new and returning Members on 19 June.

- 5.3 The reputation of the Council was arguably the most productive topic, which identified a clear role for ward councillors (and Cabinet Members) to enhance the reputation of the Council. Café participants highlighted a need for stronger and clearer governance centred on more agile and responsive scrutiny with more engagement of ward councillors, to help demonstrate what councillors had achieved and to hold the Cabinet to account.
- 5.4 In addition to the scrutiny café experiment, a new proforma was devised and circulated to all councillors through which they can submit their review ideas. The proforma poses questions which help prioritise suggestions, as well as asking councillors to consider the potential scope of their reviews.
- 5.5 However, the measure which has made the largest impact on the scrutiny work programmes, has been the development of the Council’s performance management framework this year to include significant partnerships, which has effectively introduced exception reporting for partnerships such as Middle Deepdale, Creative Industries Centre Trust, Home Improvement Agency, the Local Enterprise Partnerships, and Welcome to Yorkshire, which previously had been the subject of annual reports to the scrutiny committees. The extension of the performance management framework in the coming year to events and significant contracts such as that with Sheffield International Venues will reduce further scrutiny’s staple work programme.
- 5.6 With reference to the potential sources of the scrutiny work programme highlighted through the Development Seminar in para 3.6(i), the new performance management framework is already in place and set to widen its remit, whilst more work needs to be done on complaints data, with the Executive on the Cabinet Forward Plan, and on equipping ward councillors to bring issues to scrutiny.

The role of the councillor – the Councillor Call for Action principle

- 5.7 The induction programme in May/June 2015 emphasised the councillor’s primary universal role (since decision-making under the Cabinet model is mostly concentrated in the hands of eight Members) to represent their ward and the people who live in it – as the bridge between the community and the council.
- 5.8 This role was given added prominence by the Government and was related directly to the scrutiny function in 2007 when the Councillor Call for Action (CCfA) power was introduced. Some have argued that the CCfA put into legislation what councillors should be doing anyway, and as a consequence never really flourished, but critically it reminded local government of councillors’ key role to help resolve issues and problems on behalf of their constituents. Scrutiny’s role in CCfA is as a last resort, but importantly, CCfA

sets out a checklist for councillors to use to resolve matters and then to escalate them to scrutiny. In a time when we are seeking to prioritise scrutiny's workload and make it much more about issue resolution and outcomes, the CCfA provides a valuable issue-based approach to scrutiny related to the councillor's primary role.

- 5.9 A common complaint among councils, as evidenced by the Grant Thornton survey, is that scrutiny has lost its way and lost sight of its purpose. The CCfA principle reminds us that scrutiny's purpose should be to improve outcomes and resolve issues for local people, and the structure and organisation of scrutiny should be subordinate to that purpose.

A new approach to scrutiny

- 5.10 Flexible, agile, rigorous, strongly Member-led, outcome-focused, less is more, inclusive of all non-executive Members, clearly defined, receptive to the local community: these are all attributes of a healthy scrutiny function, not only according to the CfPS, but also featuring in our own Member feedback in the induction programme.
- 5.11 This report proposes a scrutiny model (see Appendix 1) to deliver this healthier scrutiny function, marking a clear departure from the traditional committee model, and then addresses previously voiced concerns about changing the structure in this way. By introducing these changes, Scarborough Borough Council would be following a growing trend of local authorities which have established a single committee model with task groups assigned to undertake specific reviews. This new structure also reflects a growing consensus that scrutiny is not about the production of lengthy reports, but a focus on shorter pieces of work which are more likely to deliver improved outcomes in a particular service area.
- 5.12 Scrutiny success is not just about structure, but also those aspects identified in the recently published Change Game report:
- 'whole council' approach which engages executive members and senior management
 - strong councillor leadership of scrutiny
 - ruthless and consistent prioritisation – identifying a focus area
 - flexibility – changing scrutiny's processes to allow councillors to make quick decisions to look at things quickly and conclusively, where the council's priorities might be changing, but sticking to the focus.
- 5.13 The proposed structure combined with rigorous work programming and prioritisation of issues and Member training, could support these other aspects:
- The Chair (and Vice-Chair) of the O&S Board would provide clear leadership championing the scrutiny function, but would also forge strong links with the Executive and senior management, to ensure scrutiny remained focused on matters of strategic importance

- By meeting eight times a year, the O&S Board would be able to respond quickly to emergent issues and deal with call-ins in a timely manner. Special meetings could also be convened if required.
- The O&S Board's principal role would be to commission reviews to be chaired and undertaken by non-executive councillors. Other areas of the Board's activity would be to consider areas of underperformance referred by the Cabinet, to consider call-ins, and to provide comment and feedback on draft Council policy or proposed changes in policy or service delivery.

5.14 The report now turns to reasons previously cited for rejecting structural change and reducing the number of committees.

'The scrutiny committees are needed to monitor the many areas of the Council's and partners' activity. Without this oversight, there is a danger that important information will be missed.'

5.15 The CfPS in its response to Rotherham and Mid-Staffordshire cases is very critical of the time spent by committees receiving and noting reports without the tougher challenge of more organised scrutiny: 'Very often these are reports presented 'to note' – requiring no action, seemingly placed on agendas as a tick-box exercise so that officers can console themselves that they have 'consulted' members on a topic, and members can similarly console themselves that they have received an 'update' on an issue, and that all is well. This kind of committee activity is at best lacking in value and at worst can be dangerous, as it lulls everyone into a false sense of security that effective governance and oversight exists where it does not. Furthermore, it uses up precious resources which should be correctly used to carry out the real business of scrutiny.'

5.16 Councillors need to have confidence in the Council's performance management framework which is developing (and as stated, more work is required on complaints data); but also need to be encouraged to fulfil their primary role as the bridge between the Council and the local community, to follow the CCfA checklist and bring issues to scrutiny as appropriate. The CfPS's position is clear: Know how to identify and prioritise issues effectively, do scrutiny where it is really warranted, and do it better.

'Many non-executive councillors would no longer have a role, and feel marginalised'

5.17 All non-executive councillors would be entitled to join the Scrutiny Member Panel and nominate themselves for Task Group work, in addition to proposing topics for scrutiny review. Critically, the primary councillor role is that of a bridge, the eyes and ears of the Council to bring matters to officers and scrutiny as appropriate. Call-in is another example of this primary role.

'Democracy will be diminished'

5.18 The primary way for councillors to fulfil their democratic mandate is to act as the bridge between the Council and the local community. There are multiple

ways for councillors to get involved in the scrutiny function to fulfil this role. Furthermore, non-executive members still retain important decision-making powers at full Council and through the regulatory and governance committees.

Area committees

- 5.19 A similar criticism of lost direction can also be made about the Council's area committees. These were originally established as a consultative and advisory vehicle with local communities, area forums and parish councils, to promote partnership working with these bodies, and to discharge limited executive powers in the form of a grants budget. Appendix 2 summarises the agenda items dealt with by the three area committees in 2014-15.
- 5.20 Increasing financial pressures on the Council mean that in 2016/17 there is no longer any provision for the area committees' grants budget. This prompts the question of what remaining purpose the committees possess. The Development Seminar in June 2014 concluded that area committees' most important function is to advocate on behalf of local residents as a 'strategic platform' to identify local issues which can be taken up by scrutiny, whilst acknowledging that the committee format is a tired, ill-suited and unimaginative way of achieving this engagement with local communities.
- 5.21 If it is right that the area committees' purpose is to feed into the scrutiny function, and that, by implication, the committees should also be outcome-focused and issue-based, then it is by no means clear that inviting a speaker to address a committee of local councillors is the most effective way of escalating an issue to scrutiny. Surely the CCfA checklist provides the most effective issue-based approach whereby a councillor will bring his local problem to an informal meeting with Democratic Services, scrutiny chair, officers and partner representatives as appropriate to decide how best to deal with it. For some recent local matters raised at the Northern Area Committee – Whitby Park and Ride, bus services, Botton Village for which the County Council bears main responsibility – local County councillors were in a better position to progress the issue including through the County Council scrutiny function or Moors and Coast Area Committee. For area committees, as for scrutiny, the issue needs to be considered first, and then a decision made on how to progress it. This may well not entail bringing an item to a committee of the Borough Council. If the purpose of the proposal is more about raising awareness among councillors of the work of a local organisation, then a better alternative is a public Member briefing. In accordance with this more outcome-focused approach, the Council needs to raise the threshold of what items can come to scrutiny, and let ward councillors bring local issues to the attention of the scrutiny chair as appropriate (using the CCfA checklist). This framework should help councillors identify the most effective way to progress local matters, without recourse to that first port of call of bringing an issue to an area committee.

Keeping councillors informed

- 5.22 Currently, the four scrutiny committees' work programmes consist mainly of information items which are received and noted. Whilst this work is no longer deemed consistent with the more outcome-focused approach proposed in this report, there is still a need for Members to be kept informed of emerging issues, changes in legislation, health organisations and other partners' initiatives and plans and so forth. Councillors' feedback on these draft proposals confirmed this need and suggested that an online library of Member briefings be put in place to complement the existing programme of public Member briefing sessions, which also requires development to include more external speakers and items. This suggestion is therefore included among the report's recommendations.

6. IMPLICATIONS

Policy

- 6.1 There will be a need to amend the Constitution to replace the existing scrutiny committees with the proposed Overview and Scrutiny Board, and to remove the area committees from the Council's governance arrangements.

Financial

- 6.2 By replacing the traditional committee model for scrutiny and area governance with a more issue-based and outcome-focused approach to scrutiny which recognises the role of the ward councillor, the proposals in this report will guarantee initial savings by disbanding the area committees. Appendix 3 provides a breakdown of the costs of holding the area committees in 2014-15. It remains to be seen whether the proposed scrutiny model will cost less than current arrangements, although a reduction in special responsibility allowances will guarantee some savings. However, it will achieve that shift in finite resources towards the primary objective of scrutiny of carrying out review work which generates positive outcomes for local people, whilst continuing to hold the Executive to account for its decisions.

Legal

- 6.3 The proposed arrangements and any constitutional amendments need to comply with all current legislative requirements. For example, the Overview and Scrutiny Board would be the designated Crime and Disorder Committee.

Sustainability

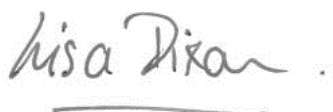
- 6.4 There are no sustainability issues identified at this time

Equalities and Diversity

- 6.5 No specific implications

Others

- 6.6 I have considered whether there are any Staffing, Planning, Crime and Disorder, Health and Safety, and Environmental implications arising from this report and am satisfied that there is no identified implication that will arise from this decision.

A handwritten signature in cursive script that reads "Lisa Dixon". The signature is written in black ink and is positioned above a thin horizontal line.

Lisa Dixon
Director

Author: St John Harris, Democratic Services Manager
Telephone No: 01723 383556 E-mail address: stjohn.harris@scarborough.gov.uk

Background Papers:

None

IF YOU HAVE ANY QUERIES ABOUT THIS REPORT, PLEASE CONTACT
ST JOHN HARRIS.

Risk Matrix

| Risk Ref | Date | Risk | Consequences | Mitigation | Current Risk Score | Target Score | Service Unit Manager/ Responsible Officer | Action Plan |
|-----------------|-------------|---|--|---|---------------------------|---------------------|--|--------------------|
| 1 | May 2016 | The Council's scrutiny and area governance arrangements are not fit for purpose, wasting valuable resources | <ul style="list-style-type: none"> • Minimal positive outcomes for local people • Low councillor job satisfaction and disengagement • Poor Council reputation | New scrutiny model backed up by clear procedures, Member training, expanding programme of Member briefing sessions and new online library of Member briefing material | C3 | A3 | Democratic Services Manager | None |

Glossary of Terms

Risk

An event which may prevent the Council achieving its objectives

Consequences

The outcome if the risk materialised

Mitigation

The processes and procedures that are in place to reduce the risk

Current Risk Score

The likelihood and impact score with the current mitigation measures in place

Corporate Objectives

An assessment of the Corporate Objectives that are affected by the risk identified.

Target Risk Score

The likelihood and impact score that the Council is aiming to achieve

Service Unit Manager

The Service Unit or Officer responsible for managing the risk

Action Plan

The proposed actions to be implemented in order to reduce the risk to the target score

Risk Scoring

| | | | | | | |
|--------|------------|---|---|---|---|---|
| Impact | 5 | | | | | |
| | 4 | | | | | |
| | 3 | | | | | |
| | 2 | | | | | |
| | 1 | | | | | |
| | | A | B | C | D | E |
| | Likelihood | | | | | |

Likelihood:

A = Very Low

B = Not Likely

C = Likely

D = Very Likely

E = Almost Certain

Impact

1 = Low

2 = Minor

3 = Medium

4 = Major

5 = Disaster