

Scrutiny Task and Finish Panel Agenda



Overview and Scrutiny Review Task and Finish Panel Monday, 25th March, 2013

You are invited to attend the next meeting of **Overview and Scrutiny Review Task and Finish Panel**, which will be held at:

Committee Room 1, Civic Offices, High Street, Epping
on **Monday, 25th March, 2013**
at **4.00 pm** .

Glen Chipp
Chief Executive

**Democratic Services
Officer**

A Hendry, Office of the Chief Executive
email: ahendry@eppingforestdc.gov.uk Tele: 01992 564246

Members:

Councillors K Angold-Stephens (Chairman), Mrs R Gadsby (Vice-Chairman), Mrs A Grigg, Mrs M Sartin, D Stallan and Mrs J H Whitehouse

THE DEADLINE FOR THE SUBMISSION OF SUBSTITUTES TO THIS MEETING IS
15:00 HOURS

1. APOLOGIES FOR ABSENCE

2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

(Assistant to the Chief Executive) To report the appointment of any substitute members for the meeting.

3. DECLARATIONS OF INTEREST

(Assistant to the Chief Executive). To declare interests in any items on the agenda.

In considering whether to declare a personal or a prejudicial interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 11 of the Code in addition to the more familiar requirements.

This requires the declaration of a personal and prejudicial interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 11 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

4. NOTES OF THE LAST MEETING (Pages 3 - 6)

To agree the notes from the 14 February 2013 meeting.

5. TERMS OF REFERENCE (Pages 7 - 8)

The Terms of Reference for this Panel has now been agreed by the Overview and Scrutiny Committee on 29 January 2013.

A copy of the Terms of Reference is attached for information.

6. SCRUTINY TRAINING (Pages 9 - 26)

To consider the attached report and guidance notes.

7. FINANCE SCRUTINY (Pages 27 - 52)

To consider the way finance is scrutinised in the future. Attached is an I&DeA paper on Scrutiny Finance for information.

8. COMMENTS AND AGREED ACTIONS (Pages 53 - 56)

Attached are some comments from Councillor Girling on the operations of the Overview and Scrutiny Committee and also a list of actions agreed so far by this Panel for information.

9. FUTURE MEETINGS

The Panel is also due to consider the Public Profile of OSC. However, because it was considered that the discussion on the finance aspects of scrutiny would be quite detailed and take some time it was considered that a further meeting be agreed to deliberate this topic. Available dates for April will be brought to the meeting for consideration by the Panel.

EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF OVERVIEW AND SCRUTINY REVIEW TASK AND FINISH
PANEL
HELD ON THURSDAY, 14 FEBRUARY 2013
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.00 - 9.06 PM

Members Present: K Angold-Stephens (Chairman), Mrs R Gadsby (Vice-Chairman), Mrs M Sartin, D Stallan, Mrs J H Whitehouse and G Waller

Other members present:

Apologies for Absence: Mrs A Grigg (Asset Management and Economic Development Portfolio Holder)

Officers Present I Willett (Assistant to the Chief Executive) and A Hendry (Democratic Services Officer)

13. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor G Waller was substituting for Councillor A Grigg.

14. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

15. NOTES OF THE LAST MEETING

The notes of the previous meeting were agreed subject to the following:

- 1) Minute Item 10 – Cabinet Liaison – Agreed 1) The last sentence should be amended to read: “That all members should be encouraged to attend.”
- 2) Minute item 10 – Cabinet Liaison – Agreed 3) should read: “That individual Portfolio Holders to attend an appropriate Standing Panel meeting formally convened to consider their Portfolio and to question them. This meeting be open to all members; and that the Portfolio Holder be encouraged to attend all other appropriate Standing Panel meetings that considers their portfolio.”

16. TERMS OF REFERENCE

The terms of reference for the Panel were noted.

17. SCRUTINY OF CALL-INS

The Panel noted the report setting out the legal and constitutional background to the Call-in process together with the points which have arisen during consultation and previous reviews.

The Panel first looked at one of the points made that with 5 signatories calling in a report and only one Portfolio Holder the Portfolio Holder could feel as though they were outnumbered on a five to one ratio.

It was noted that usually the lead call-in member spoke and maybe a 'seconder'; but sometimes it can end up with all five signatories speaking at meetings. The Portfolio Holder will have their own points to make but will also have to note not only what the lead speaker had to say but also four other speakers. There seemed to be no set rules for this. There was a need to make it a more formalised debate with only the lead call-in speaker and the Portfolio Holder allowed to start the debate and then opening it out to wider discussion, with members of the committee speaking first, then non members and with the Portfolio Holder concluding the debate.

The current protocol for call-ins, although good, was not particularly clear on occasions and needed to be made clearer, taking in the points made above.

The Panel also considered having a pre-meeting between the Portfolio Holder, the lead member of the call-in and the Chairman of the Overview and Scrutiny Committee.

The Panel also considered the concept of the withdrawal of a call-in. If a compromise had been agreed and the call-in withdrawn how would this affect the original report. Would this entail having a new report drawn up with the amendments incorporated? Would it have to go back to Cabinet for agreement and as a new decision could it be called-in again (legally a report cannot be called-in twice).

The Panel decided to defer this item to their next meeting in order for more detailed guidance to be obtained.

The Panel clarified their discussion so far. That once a call-in had been made:

1. That either side could request a pre-meeting to discuss the call-in before it was considered formally by the Overview and Scrutiny Committee;
2. That they should not attempt to define what a major or minor matter was for a call-in and that the wording should remain "Call-ins should be for the bigger and more important issues and not for small insignificant detail."
3. They agreed that the present set time for calling-in a report should be kept at 5 days, as nowadays with electronic communication it was relatively easy to get five members to sign a call-in, especially as they could send in their agreement to act as a signatory to a call-in by email;
4. Members also had the time before a Cabinet meeting to study the reports on the agenda as well as the five working days after the decision had been taken to call-in a decision;
5. That some sort of electronic call-in be introduced to speed up the process;
6. That a system be devised for the members of a call-in to be able to withdraw their objections if once having met with the Portfolio Holder and chairman of the O&S Committee their concerns were met;
7. That the protocol be clarified to make for a more formalised debate with only the lead call-in member and the Portfolio Holder allowed to start the debate and then opening it out to wider discussion, with members of the committee speaking first, then non members and with the Portfolio Holder concluding the debate;
8. That guidance be sought for the amendment of a report after a call-in had been made and a compromise had been had been reached.

18. SCRUTINY OF EXTERNAL ORGANISATIONS

The Panel noted that there was some dissatisfaction with how external bodies who attended our meeting were dealt with. It seemed more like they were giving an annual report and were not being cross examined. There was a need for members to prepare questions beforehand. The layout of the chamber also needed to be considered, as speakers were currently on high looking down at the Committee putting them at an advantage, talking down to members. There was also a need to follow up on items that could not be answered at meetings for further information.

The Panel wondered how many of the presentations were asked for and how many just came back year after year. It was noted that a few had asked to come and address the members.

Organisations such as London Transport tended to come again and again and be asked the same questions year on year; usually by the same councillors. However, part of this was because some of the issues had not been resolved.

There was also a need to address the issue of getting the public to attend the O&S meetings. It should be advertised on our website and a press notice issue by our PR section. All the outside organisations that come to our O&S meetings should be publicised. At the Chairman's discretion the public could be allowed to ask questions. Perhaps they should be allowed to table a question beforehand as the public on the night really would not like to be told that "I'll get back to you", the standard answer for questions that the speaker had no answer to. It was also noted that there was no public involvement as to who was invited to the O&S meetings. Could something be put on the website at the start of the year listing the proposed presentations and asking for suggestions for future presentations? It was also down to members to continue to make suggestions.

The Panel noted that they had received a useful training sessions last year about pre-organising their questions. This needed to be flagged up at the previous meeting asking for questions and flagging up and areas that needed to be concentrated on. It was agreed this training session should be repeated, concentrating on how we deal with external scrutiny.

The Panel then considered the layout of the chamber. They agreed that the speakers should not be put up on the top level and should be on the same level as the members. They should be put at the apex of the horseshoe to deliver their presentation with their own officers next to them. The Chairman should stay in their usual place looking down on proceedings. It was also agreed that the members of the Committee should sit on the two front rows on either side of the horseshoe.

If members of the public were to speak then they should be accommodated downstairs in the Chamber, otherwise they should go upstairs to the public gallery. Perhaps the Chairman should also introduce the members of the Committee to the visitors. This new layout could also be used for call-ins, having the lead call-in member and the Portfolio Holder seated on either side of the apex of the horseshoe.

Members should also be flexible about presentations going to O&S Committee or to a more suitable Standing Panels.

In summation, the Panel wanted to:

- i) Have a repeat of the training sessions first had last year on scrutiny;

- ii) Change the layout of the chamber to alter where the outside bodies sit and where the committee sit when receiving a presentation;
- iii) This new layout could also be used for call-ins;
- iv) The non-attendance of the public at our meeting needed to be addressed and their ability to ask questions of the outside bodies;
- v) Members should be flexible about putting presentations to either the O&S Committee or if preferable to a suitable Standing Panel.

19. FUTURE MEETINGS

The Panel agreed that their next meeting should be held on Monday 25 March starting at 4pm.

Origin:

At its meeting on 7 April 2012 the Overview and Scrutiny Committee (OSC) decided to establish a new Task and Finish Scrutiny Panel to review Overview and Scrutiny operations generally within the Council with particular reference to relations between the Cabinet and Overview and Scrutiny. This decision was made following attendance by a number of members at a joint training session on Overview and Scrutiny convened jointly with Harlow Council.

Draft Terms of Reference:

1. To scrutinise the current processes of Overview and Scrutiny and to what extent the functions could be improved.

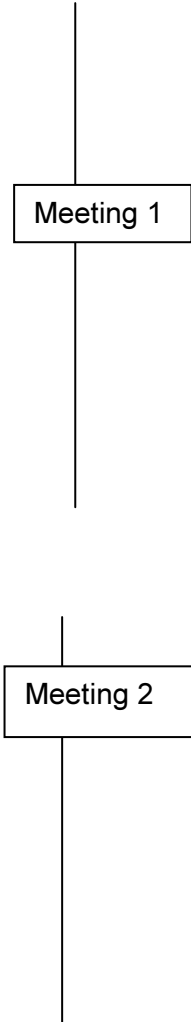
2. To examine and review operational aspects of Overview and Scrutiny, in consideration of:
 - a) Chairmen and Vice-Chairmen of Overview and Scrutiny Committee:
 - Developing the relationship with the Leader;
 - Policy on appointment and political allegiance;
 - Leader / OSC liaison.

 - b) Cabinet Liaison:
 - Arrangements for pre-scrutiny of Cabinet business;
 - Meeting arrangements;
 - Questioning Portfolio Holders;
 - Annual Cabinet priorities.

 - c) Scrutiny Panels:
 - Membership / role of Standing Panels;
 - Progress reporting and achieving outcomes from Panels;
 - Managing Scrutiny Panel business.

 - d) Call-in procedures:
 - Presentation of Call-ins;
 - Responses by Portfolio Holders;
 - Briefing by Chairman of Overview and Scrutiny.

 - e) Scrutiny of External Organisations:
 - Engagement with the public;
 - Layout of the Chamber;
 - Selecting the right forum for external scrutiny;
 - Following up on undertakings given;
 - Avoiding pre-prepared presentations;
 - Preparation: liaison with the public and other councillors;
 - Managing Questions / setting of objectives.



- f) Budget Scrutiny:
 - Assessing the effectiveness of the present Finance and Performance Management Scrutiny Panel;
 - Determining the correct role of Overview and Scrutiny in budget preparation and monitoring;
 - Budget documentation for OSC;
 - Programming O&S involvement in budget making.

- g) Public Profile of OSC:
 - Public awareness;
 - Determining the work plan each year (including the PICK system);
 - Questions from the public for Portfolio Holders / OS Committee.

Meeting 3

3. To examine and review any other operational aspects of Overview and Scrutiny.

Aims and Objectives:

- (a) To report findings to the Overview and Scrutiny Committee and to submit any final reports in the proposed Corporate Format for consideration by O & S and Council by April 2013.
- (b) To gather evidence and information in relation to the topic through the receipt of data, presentations and by participation in fact finding visits if necessary;
- (c) To have due regard to the relevant legislation Council procedure rules.
- (d) To consult political groups and independent Councillors at the final stage of the review.

| TIMESCALE | ESTIMATED | ACTUAL |
|----------------------------------------------------------------------|------------|---------------------------------------|
| Commencement: Dec 2012 | April 2013 | |
| <u>Finish</u> 1. As a time limited review - to end by April 2013. | | First meeting held on 6 December 2012 |

Report to the Overview and Scrutiny Review Task and Finish Panel

Report of: Assistant to the Chief Executive

Date of meeting: **25 March 2013**

Subject: Overview and Scrutiny – Training 2013/14

Officer Contact for further Information: Ian Willett (01992 564243)

Committee Secretary: Adrian Hendry (01992 564246)



Recommendations:

(1) To consider training requirements for the new council year in respect of Overview and Scrutiny including:

- (a) appointment of an external trainer and**
- (b) the topics which should be covered in the training arrangements.**

(2) To consider consultation on the training to be provided.

Report:

1. Introduction

1.1 At previous stages of the OSC Review, members have raised the issue of training. This report is designed to allow members to express their views about the kind of training that needs to be undertaken in the light of their findings on this review.

2. Training Proposals

2.1 Attached to this report is a training prospectus aimed at Overview and Scrutiny from the training agency that has been used previously in joint training sessions with Harlow Council. The Panel is asked to consider the list and indicate which items should be included. Budgets are available from 1 April 2013 to undertake this training and it is suggested that a course or courses should be held after the Annual Council meeting. It is helpful that there are no District Council elections in May 2013 so that District Council membership will be largely unchanged in the new year.

2.2 The opportunities for training probably exist independently of the recommendations from the review and may help to deal with the lack of engagement by many members in the OS process on which the panel has commented previously.

3. Consultation

3.1 The Panel are asked whether they wish to consult members of the Council and officers more widely on the topics to be covered in the training to be arranged.

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**DEVELOPMENT OPPORTUNITIES
FOR
SCRUTINY MEMBERS AND OFFICERS
Trainer/facilitator: Tim Young**

Members and officers require a complex set of skills and competencies to realise the potential of Overview & Scrutiny. Effective scrutineers must have the ability to understand and interrogate financial and performance information, be able to question a wide range of witnesses, and have the confidence to challenge where appropriate.

A skills and capacity building programme or individual sessions can help both Members and officers to sharpen existing skills and develop increased competency to tackle new and emerging problems – especially at a time when new legislation and processes requires an enhanced role of overview and scrutiny.

My approach is to tailor training and development to meet flexibly the particular needs of an authority and its Members. I make sessions as interactive as possible, sharing information and examples of best practice, to help Members practise and enhance skills and gain the confidence to carry out effective scrutiny.

Methods used in sessions can vary depending on the topic but generally involve participative exercises, group discussions, teaching and handouts.

THE FUNDAMENTALS OF SCRUTINY

An introductory session on the fundamentals of Overview & Scrutiny covers:

- the role of Overview & Scrutiny
- the four principles of effective scrutiny
- Overview & Scrutiny processes
- methods of scrutiny
- handling evidence
- handling people – working with other Members, officers, partners and the public
- making sure scrutiny gets positive outcomes



PREPARING OVERVIEW AND SCRUTINY FOR THE 'NEW LOCALISM'

The emergence of the new localism agenda and other governmental initiatives to restructure public service provision, coupled with severe budgetary restraints, present both challenges and opportunities for Overview and Scrutiny.

This session presents an overview of the rapidly changing political, financial and institutional landscape for local authorities and public service providers and the potential impact on the work of Overview and Scrutiny committees. It examines key issues: how can scrutiny rise to these challenges with fewer resources? What should its approach be and how can it continue to add value? What skills will non-executive councillors require to do this to best effect?

The session covers:

- the impact of the Localism Act and the greater fragmentation in the delivery of public services at the local level, in such crucial areas as health, education and policing
- the challenges that this poses for Overview and Scrutiny in securing local political accountability
- what roles and activities scrutiny members might most usefully focus on in addressing these challenges



SUPPORTING POLICE AND CRIME PANELS

The new Police and Crime Panels providing both challenge and support to Police and Crime Commissioners are now up and running in all Force areas. As new bodies, the Panels face a series of new challenges as they work their way through their first full year, some of which are very similar to those experienced by Overview and Scrutiny committees in the early days of their existence.

Having done a number of pieces of work with shadow Panels on induction, further development support and training can be provided for Panels. This can cover briefings, facilitation of team-building days and planning discussions or skills development such as budget scrutiny, developing work programmes and listening and questioning skills. A key to success in providing this support is to ensure that it is tailored to the particular circumstances of Panels and their area.



ENSURING CRIME AND DISORDER SCRUTINY COMMITTEES BUILD EFFECTIVE WORKING RELATIONSHIPS WITH THEIR POLICE AND CRIME PANEL

This workshop will focus on the division of responsibilities between Crime and Disorder Scrutiny Committees (at the local level) and a Police and Crime Panel (at force level) and what might be needed to make the relationships work well for a local crime and disorder scrutiny committee.

Although PCPs now have responsibility to challenge and support Police and Crime commissioners, each local authority is still required (by the Police & Justice Act 2006) to scrutinise crime and disorder partnerships at least annually. But demarcation may become complicated, especially as a PCC takes over funding of community safety work. The aim should be to avoid duplication and ensure a co-ordinated approach to scrutiny of community safety, at the strategic and local levels.

The workshop will enable scrutiny members to:

- develop a clear understanding of the new PCC and PCP arrangements
- explore how Crime and Disorder Scrutiny Committees can help their force level PCP to understand how strategic priorities are being translated into operational action at the local level
- develop ideas for strengthening their relationship with the PCP so that community safety issues can be dealt with at the appropriate level.



SCRUTINISING PROCUREMENT EFFECTIVELY

An increasing number of Overview & Scrutiny Committees are turning their attention to the issue of how they can effectively scrutinise procurement activity by their councils (and also the health service). Driving this move are a concern to ensure that tender specifications capture to the best possible extent what the needs of service users are, and that when delivered contract performance is providing value for money and customer satisfaction. An added dimension here is that new government legislation may well lead to an increase in the contracting out of services and therefore to an even greater need to make sure that service providers are being held properly accountable.

The objectives of the session are to enable scrutiny committee members to:

- be aware of the potential impact of the Localism Act and the Open Public Services White Paper for increasing the contracting out of services
- increase their understanding of the authority's procurement procedures
- develop their understanding of the potential role that scrutiny can play in the procurement process, with particular reference to tender specification
- develop their understanding of ways in which contracts can be drawn up to include scrutiny's rights to information and attendance at scrutiny community meetings, to enhance accountability
- become more aware of ways in which the community's experience and views of contract performance can be obtained
- develop their understanding of the techniques available to challenge contract performance and maximise Member influence to achieve improvements in contract management and service delivery.



SAFEGUARDING AND LOOKED AFTER CHILDREN

Safeguarding and promoting the welfare of children is the responsibility of the local authority, working in partnership with other public organisations, the voluntary sector, children and young people, parents and carers, and the wider community. A key objective for local authorities is to ensure that children are protected from harm.

Overview and Scrutiny has a critical role to play in securing this objective in this complex and sensitive area of public service, by holding policy-makers and providers to account, by challenging performance and by acting as a voice for service users, particularly looked after children.

This session focuses on safeguarding matters and issues and how Overview and Scrutiny can approach the topic in such a way as to enable it to add value to the work already being carried out. In doing so, it draws on examples available from Overview & Scrutiny Committees elsewhere which have applied themselves to the task of scrutinising their child protection and wider safeguarding arrangements.

The session is a mixture of presentations, group discussions, questions and answers and open debate. At the end, there is space to draw together conclusions emerging from the session to assist with action planning.

Members may also be interested in a companion session (or it can be delivered as a stand-alone) focusing on Overview & Scrutiny work on looked

after children. This focuses on the task of scrutinising how well councils are exercising their corporate parenting responsibilities, again drawing on examples available from Overview & Scrutiny Committees around the country.



THE HEALTH & SOCIAL CARE ACT – OVERVIEW AND SCRUTINY IN THE NEW LANDSCAPE

Since 2003 health overview and scrutiny has provided a platform for councillors, professionals and communities to come together around the complexities of health and wellbeing and the planning, delivery and reconfiguration of health services.

The Health & Social Care Act represents a major structural reform in the way that health and social care services are planned, commissioned and delivered. The new Health and Wellbeing Boards potentially offer a way for decision-makers to better understand and meet local health needs and to ensure that planning, delivery and reconfiguration of services becomes more inclusive and accountable. Their partners, the new Clinical Commissioning Groups, can potentially bring a strong clinical and professional focus to the commissioning of services, based on meaningful engagement with patients, carers and their communities, which would bring real added value at a time of declining public resources yet rising health and social care needs.

These and other changes provide an opportunity for non-executive councillors to consider how they can best establish relationships in the new environment. The key questions are: how can they be most effectively carry out their role in relation to the Health & Wellbeing Board's work and commissioning (through the NHS Commissioning Board, clinical commissioning groups and the local authority itself)? And how can they, together with health and wellbeing boards, stimulate the integration of healthcare, social care and health improvement?

The session aims to:

- increase Members' confidence in how to carry out their overview and scrutiny role in the new health landscape
- increase their understanding of how they can scrutinise the health and social care services
- support Members in thinking about what an effective health scrutiny programme might look and how to help ensure that health and other partners can contribute effectively to health scrutiny work

CHAIRING SCRUTINY FOR POSITIVE OUTCOMES

Chairing skills are central to ensuring that council meetings are effective. But chairing an Overview and Scrutiny Committee or Scrutiny Panel is not like chairing an old-style council committee. Scrutiny chairs need to draw on a much wider set of skills and expertise – and they need the support from other scrutiny committee or panel members.

The session is therefore for all scrutiny members, including Overview and Scrutiny Committee chairs and vice-chairs, who want to improve their understanding of a scrutiny chair's role and acquire (or be reminded of) some of the key skills, approaches and tactics that enable the role to be carried out effectively.

It aims to explore how chairs can use their skills to increase scrutiny's chances of influence and success and offer an opportunity to do some work on developing and improving the skills necessary to do so. The session will enable participants to:

- identify what makes scrutiny meetings and the scrutiny process effective
- chair meetings effectively through the use of preparation, structuring and management
- use available resources to achieve their objectives
- encourage investigation, evidence collection and assessment
- explore ways of dealing with the problems that can affect meetings, such as conflict, negativity and lack of participation
- frame effective recommendations and follow up effectively

As a supplement or as an alternative to this course, I also offer observation of the chairing of a scrutiny committee meeting in practice and subsequent feedback to Chair committee members, with a report and discussion about how to build on the strengths observed.

IMPROVING QUESTIONING SKILLS

This training is for scrutiny members who would like to improve their questioning skills for their overview and scrutiny work.

Effective questioning skills are central to carrying out scrutiny that can add value to a council's business or how partners deliver services. Knowing how to ask effective questions is as important as knowing what questions to be asking.

Effective questioning needs both good preparation and listening skills, so the session will first briefly cover these essentials. Following this, it will concentrate on explaining good questioning techniques so that committee members can ask the right questions to discover the answers they need. A large part of the session is given over to an opportunity for participants to hone their skills, through practice and observation.

The session will enable members to:

- consider how best to prepare for scrutiny meetings
- develop a deeper understanding of the importance of clear and focused listening and questioning
- develop their questioning skills
- explore different strategies for questioning and when and where to use them
- apply the areas of awareness and skills to the committee context through an exercise, based on a case scenario

As a supplement or as an alternative to this course, I also offer observation of a scrutiny committee in practice and subsequent feedback to the committee members, with a report and a facilitated discussion about how the committee might improve in future.

EFFECTIVE WORK PROGRAMMING AND SCOPING OF REVIEWS

The emergence of the new localism agenda and other governmental initiatives to restructure public service provision, coupled with severe budgetary restraints on local government and other public services, present both challenges and opportunities for Overview and Scrutiny.

Effective work programming is the bedrock of a successful scrutiny function. How can Overview and Scrutiny make the best use of available resources to focus on work areas and issues that matter most to both the Council and local people, in a way that adds real value? Are there 'smarter' ways of working for scrutiny that can deliver targeted, incisive and timely results?

This development session is for Overview and Scrutiny Members who wish to:

- understand the new landscape for overview and scrutiny and how this may affect their work in 2012/13 and beyond
- develop a deeper understanding of the mechanics of effective work programming, including the use of performance information to identify areas that require more in-depth scrutiny
- develop their understanding of the range of ways in which topics within a work programme can be effectively dealt with, depending on the

- importance of the issue, available resources and the timescales within which they need to be handled
- develop their skills in scoping and carrying out effective tasks and finishing reviews

The session will enable members to:

- add to and enhance their current skills in deciding which issues to include in work programmes and how to investigate them
- practise these skills through carrying out a scoping exercise on a topic of local relevance

ASSESSING EVIDENCE AND DRAFTING EFFECTIVE RECOMMENDATIONS

During scrutiny reviews, OSCs receive information and views in a variety of forms and from a wide range of sources. Faced with a range of 'evidence' of different types – technical, users' and residents' experiences, performance data etc – OSC members can sometimes find it difficult to compare and evaluate this evidence in order to reach fair, balanced and informed conclusions. A further test is to build on these conclusions to develop effective recommendations that can rectify and improve on what they have found. Differences of opinion and judgement among scrutiny members and working under pressure can further complicate this process.

This session aims to address what scrutiny members find difficult about moving from taking the evidence to drawing sound conclusions and framing clear, effective recommendations that command all-party support. It deals with how to tackle the following issues and challenges successfully:

- choosing what evidence to collect – the importance of problem definition and effective scoping
- different types of evidence – whether based on quantitative or qualitative material – and what sort of quantitative or qualitative evidence it is
- the potential problem of conflicts of interest being held by those providing information and evidence
- the importance of being aware of the way in which values are influencing interpretation and assessment of the evidence
- the importance of exercising judgement about the quality of evidence, its comprehensiveness, its meaning and relative value
- the process of evaluating the robustness of a piece of evidence by weighing it up, assessing its validity and estimating its usefulness in informing conclusions and recommendations
- the necessity of testing the conclusions that scrutiny members reach against resource implications

The session also explores helpful techniques for seeking and winning consensus where disagreements exist. To make scrutiny recommendations as effective as possible, it further provides guidelines on what are 'weak' and 'strong' recommendations and how to turn 'weak' into 'strong' ones.

The session will enable members to:

- add value to their current skills
- develop a deeper understanding of how to weigh, assess and use evidence to inform conclusions
- develop a deeper understanding of how to move from evidence-based conclusions to developing effective recommendations
- apply these skills and awareness to the committee context through exercises, with feedback

EFFECTIVE FINANCIAL AND BUDGET SCRUTINY

Current unprecedented financial pressures mean that local authorities are having to rigorously examine their services and spending and make very difficult decisions over the next three or four years. Severe budget pressures often require major changes to the way services are managed and delivered. These changes might include decisions to restructure services and reduce their funding levels.

Overview and scrutiny has a key role here in ensuring that those making undoubtedly difficult financial planning and budgetary decisions are held accountable and use their powers in a considered manner, to best effect.

Moreover, budgets and spending are likely to become more fragmented in future, through the increase in contracts, direct payments and service provision through local communities and the voluntary and community sector. These developments will serve to complicate the role of scrutiny in assessing the impact of spending.

The purpose of this session is to set out for Members what the different aspects of scrutiny's key role in financial planning and budgetary processes are and how scrutiny can add value, in order that Members may become better equipped to deal with the current challenges.

The course will deal with:

- the implications for financial and budget scrutiny in the new local government landscape
- the overall financial management process in a local authority, including the legal and best practice frameworks
- how financial planning and budget setting relates to strategic and service planning and performance review
- how to scrutinise the coherence of your council's financial and other planning processes

- how to scrutinise your council's annual budget/budget decisions
- how to scrutinise and review your council's key spending decisions

It will assist Members to:

- contribute more effectively to the council's budget process in 2012-13
- enable them to link budget planning
- add to and enhance their current skills

DEVELOPING SCRUTINY

Members sometimes find themselves in the position where they have some experience of scrutiny but can't join up all the dots to make it more effective. Customised training can be provided for Members interested in developing scrutiny and tackling the issues that are acting as barriers to improving scrutiny.

A tailored session can set out the four principles of effective scrutiny developed by the Centre for Public Scrutiny, as a basis for enabling Members to reflect on current practice and identify barriers to success and action which will assist improvement in practice. It will enable participants to:

- add value to their current skills
- increase their awareness of the potential of scrutiny
- develop a deeper understanding of the role of scrutiny members
- think about how they might make better use of the opportunities for effective scrutiny
- develop some suggestions for how scrutiny practice might be developed and improved in future

IMPROVING SCRUTINY OF PERFORMANCE

Members often find scrutinising performance (as opposed to conducting a scrutiny review of a particular subject) either dull and uninteresting or too difficult to get to grips with.

This course aims to provide Members with the information to enable them to get to grips with this important element of scrutiny. Through presentations and discussion, the session will enable Members to:

- understand the new performance framework for local authorities
- understand approaches and techniques for effective performance management

- understand the role of scrutiny in performance management & improvement
- acquire more confidence and expertise in scrutinising performance

The session also involves some exercises for Members to practise their skills.

About Tim Young

Tim Young has worked as an independent scrutiny and policy consultant since 2006, carrying out assignments for the Centre for Public Scrutiny (as one of their associates) and a wide range of local authorities and other bodies. In doing so, he draws particularly on his experience as Head of Scrutiny at the London Borough of Camden, which earned a national reputation as a leading edge authority for Overview and Scrutiny, and on extensive networks that he has built up during sixteen years in local government.

Tim has worked extensively with Members across the political spectrum and with officers from different types of authority, across the country. Drawing on this wide experience, he can flexibly tailor training and development to meet the particular needs of an authority and its Members, and provide more specialised support.

He also has extensive experience of the voluntary sector through working in a policy and research capacity for regional and national organisations and as elected chair and management committee member of a national voluntary organisation. He holds postgraduate research degrees from the University of Sussex and is also an LGIU associate.

Tim has written on a wide variety of topics. Recent scrutiny publications include *'small print, BIG PICTURE: a guide to scrutinising public-private partnerships'* (published by CfPS); *'Capital Improvement: stories from the London Scrutiny Network'*; *'The future of holding partners to account – the local accountability framework: a report of a learning event for scrutiny members held by the London Scrutiny Network'* (LSN, November 2010) and *'Budget scrutiny: a report of a learning event for scrutiny members held by the London Scrutiny Network'* (LSN, March 2011).

What users have said

"Just to feed back – this went very well. Members said after that Tim had struck perfect balance between telling them how CCfA works, and facilitating their debate. And my own observation on top of that would be that he kept them to pace and structure of debate very well."

Shelley Burke, Head of Scrutiny, London Borough of Southwark

"Cllr Trevor Jones thought the chairing skills session was extremely good and a 'very high standard'."

Linda James, Member Development Officer, South Gloucestershire Council

"The feedback sheets are very positive, and the role play receives particular praise for being effective at bedding down the learning.... The participants didn't

have any particular suggestions or comments, apart from rating the training highly and wanting more of their colleagues to take advantage of it.”

Jan Youngs, Acting Member Development Officer, Bristol City Council

“Tim provided an excellent half day session both explaining the new legislative requirements as well as facilitating discussion with the OS Chairs, helping to identify key themes, issues and next steps. The Chairs were unanimous in their positive feedback for his effectiveness, presentation style and pace of delivery, commenting ‘very good, very interactive’; ‘very good facilitating’. ‘Many thanks!’”

Alix Boswell, Democratic Services Manager (Overview and Scrutiny), Bath & North East Somerset Council

“Tim’s Questioning skills course provides an excellent mix of presentation and discussion, and Councillors agreed that the opportunity to then trial the new information through role play and feedback was extremely helpful.”

Alix Boswell, Democratic Services Manager (Overview and Scrutiny), Bath & North East Somerset Council

“Very good – dealt with many aspects of scrutiny that I had not previously thought of. Good approach, good facilitating – open-minded and responsive”

London Borough of Hammersmith & Fulham, councillor

“The feedback was excellent and the Members got a lot out of their day. There was a lot of content to pack into one session but it felt like the Members were gaining a good grounding in the general skills they need to operate as effective Chairs.”

Kay Sidebottom, Member Development Officer, Leeds City Council on West Yorkshire Scrutiny Improvement Programme training day

“Many thanks for your help yesterday which was much appreciated. You covered a lot of material in the time and managed a good balance between information giving and time for discussion. Thank you for your flexibility and care in tailoring the session to our (many!) requests. We’ll seek feedback from the chairs and deputies as we see them over the next week or so but initial reactions were very positive and there are some helpful issues arising that we can take forward in our development plan for next year.”

Adrian West, Performance and Scrutiny Manager, Coventry City Council

“Good presentation and to the point – a good learning experience”

Thurrock councillor

"We have had some good feedback from yesterday's session which we will take forward to decide on next steps and future training/support requirements."

Paul Johnson, Scrutiny and Democratic Services Manager, Hull City Council

"One of the best training courses I have ever attended – very helpful."

"An excellent [questioning skills] course which will undoubtedly improve our scrutiny function."

London Borough of Croydon councillors

"Many thanks as your [questioning skills] session inspired attendees to push for a change in practice and convinced OSC chair that they could 'up their game'"

Julia Regan, Scrutiny Manager, London Borough of Merton

"Thank you for providing the training session [on quality and performance] - it went down well with members with good interaction."

Christine Brain, Overview and Scrutiny Manager, Forest Heath District Council

"Thank you for your very useful session which I am determined to take some learning points from as we embark on a new council with new scrutiny structure."

St John Harris, Overview and Scrutiny Manager, Scarborough Borough Council

"Very enjoyable afternoon...Brilliant course...Need more courses like this, very interesting and informative...Extremely well presented and put across."

Comments from councillors attending questioning skills course organised by Local Government Yorkshire & Humberside, December 2011

"Very well presented, very informative, clear and concise information – well worth attending." "Very useful." "An excellent training session – I hope I'll be able to use the knowledge after 3rd May!" "Scoping exercise was really good and concentrated the mind."

Epping Forest DC and Harlow DC councillors, March 2012

"The work you clearly put into preparing the [procurement] session and your willingness to work closely with Kerry and Lisa in particular, to ensure that the

session was tailored exactly to our specific requirements was key and really appreciated.”

Paul Burkinshaw, Manager of Democratic Services, Basildon Borough Council

“Thank you for all your work with the members over the last few months. I know they have appreciated it, and many of them are putting into the practice the skills you talked them through. ”

Sarah Forsyth, Scrutiny Officer, Slough Borough Council

“Taking account the feedback I have received from Members and Officers I would say that the work you have done for us and with us was fit for purpose - the highest accolade as our members want the advertised sessions to do what it says on the tin – given how busy they are... Members liked the pace and the evidence of your knowledge of Scrutiny and how the facilitation helped bring members out of themselves.”

Solomon Agutu,
Head of Democratic Services and Scrutiny, London Borough of Croydon

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February 2013

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Report to Task & Finish Panel on Overview & Scrutiny Review

Date of meeting: 25 March 2013

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

Officer contact for further information: I. Willett (01992 564243)

E mail: iwillett@eppingforestdc.gov.uk

Committee Secretary: Adrian Hendry (01992 564246)

E mail ahendry@eppingforestdc.gov.uk

Recommendations:

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

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

Report:

Introduction

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

Constitutional and Legal Provisions

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

Previous Reviews – Budget Monitoring

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

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

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

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

Previous Reviews - Performance Management:

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

Feedback/Suggestions from Consultation

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

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

Scoping Meeting

16. The following points arose:

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

Other Issues

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

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

Consultation undertaken:

Resource implications:

Budget provision:

Personnel:

Land:

Community Plan/BVPP reference:

Relevant statutory powers:

Background papers:

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

Key Decision reference: (if required)

TERMS OF REFERENCE - STANDING PANEL

Title: Finance and Performance Management

Status: Standing Panel

Terms of Reference:

Performance Management

1. To review Key Performance Indicator (KPI) outturn results for the previous year, at the commencement of each municipal year;
2. To identify on an annual basis, subject to the concurrence of the Finance and Performance Management Cabinet Committee:
 - (a) a basket of KPIs important to the improvement of the Council's services and the achievement of its key objectives; and
 - (b) the performance targets and monitoring frequency of the KPIs for each year;
3. To review performance against the adopted KPIs on a quarterly basis throughout each year, and to make recommendations for corrective action in relation to areas of slippage or under performance;

Public Consultation and Engagement

4. To develop arrangements as required, for the Council to directly engage local communities in shaping the future direction of its services, to ensure that they are responsive to local need;
5. To annually review details of the consultation and engagement exercises undertaken by the Council over the previous year;

Finance

6. To consider the draft portfolio budgets for each year, and to evaluate and rank proposals for enhancing or reducing services where necessary, whilst ensuring consistency between policy objectives and financial demands;
7. To review key areas of income and expenditure for each portfolio on a quarterly basis throughout the year;

Information and Communications Technology

8. To monitor and review progress on the implementation of all major ICT systems;

Value For Money

9. To consider a regular analysis of the Council's comparative value for money 'performance', and to recommend as required to the Finance and Performance Management Cabinet Committee, in respect of areas where further detailed

investigation may be required; and

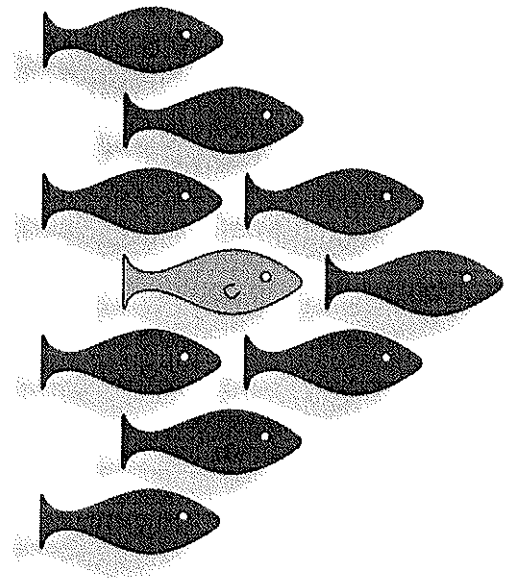
Equality

10. To annually review the achievement of the Council's equality objectives for 2012/13 to 2015/16, and progress in relation to other equality issues and initiatives.

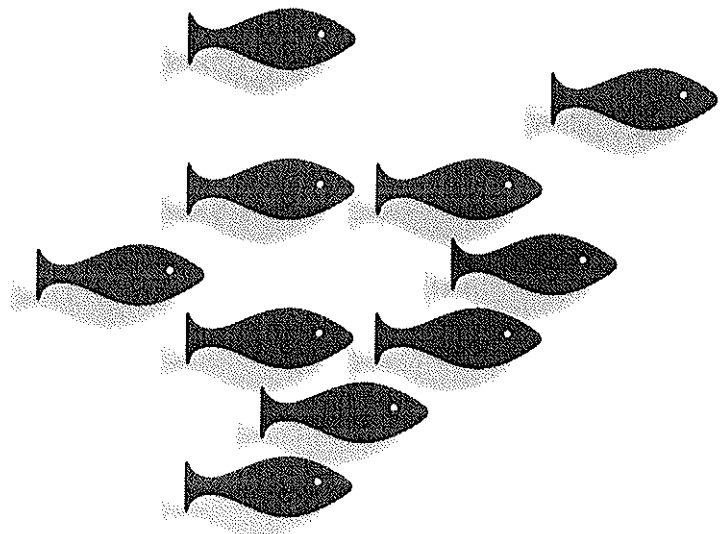
Chairman: Cllr A Lion

local leadership academy

scrutiny of finance member workbook



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This workbook has been designed as a learning aid for elected members. It makes no judgement about whether you have been a member for some time, or whether you have been elected more recently. If you fall into the former category the workbook should serve as a useful reminder of the key features of financial scrutiny.

Those members who are new to local government will recognise that they have much to learn. This workbook will provide you with an understanding of the principles and practicalities of scrutinising the financial affairs of your council.

The workbook offers few firm rules for ward members as it is recognised that each individual must decide how best to approach their role in relation to financial scrutiny. This will be influenced by the type of ward you represent, any specialist roles you have taken on and the nature of the financial management arrangements in your council. There is no presumption about 'typical wards' or 'typical members' and the workbook should serve more as a direction marker rather than a road map.

In practical terms, the document will take between two to three hours to work through. You do not need to complete it all in one session and may prefer to work through the material at your own pace. The key requirement is to think about the issues presented and how the material relates to your local situation, the people you serve and the council you represent.

In working through the material contained in this workbook you will encounter a number of features designed to help you think about the nature of local area agreements. These features are represented by the symbols shown below:



guidance – this is used to indicate guidance, research, quotations, explanations and definitions that you may find helpful.



challenges – these are questions or queries raised in the text which ask you to reflect on your role or approach – in essence, they are designed to be thought-provokers.



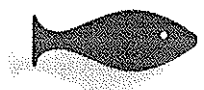
case studies – these are 'pen pictures' of approaches used by councils elsewhere.



hints and tips – these represent a selection of good practices which you may find useful.



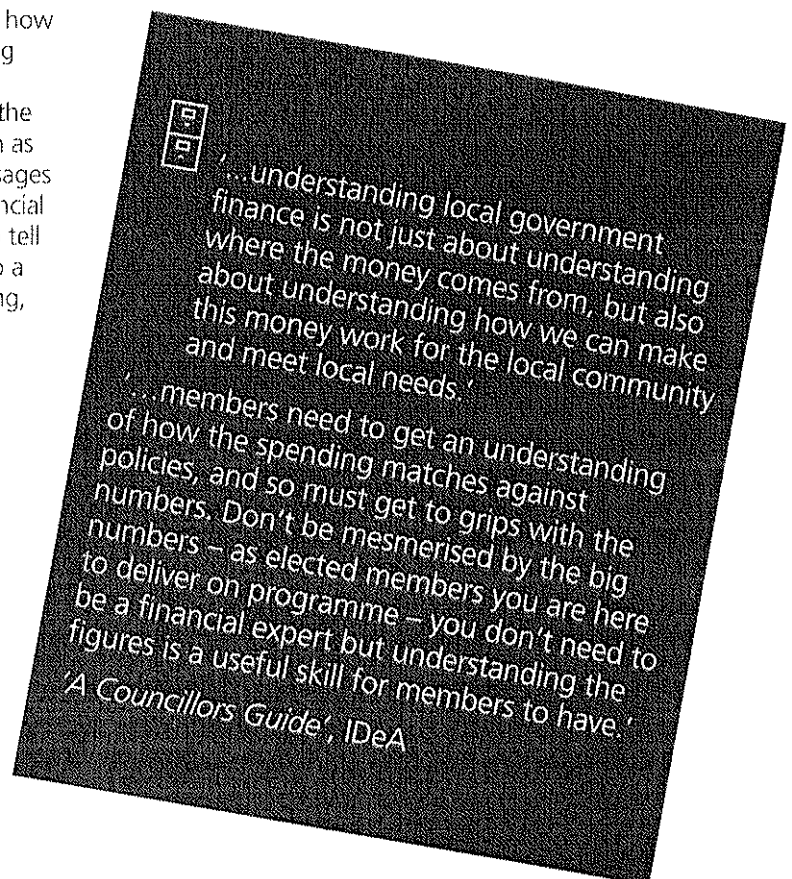
useful links – these are signposts to sources of further information, outside of the workbook, which may help with principles, processes, methods and approaches. A full list of useful additional information is also set out in Appendix A of the workbook.



In its report, *'On the Money: The Scrutiny of Local Government Finance'*, the Centre for Public Scrutiny has identified four key areas where scrutiny can add value to the council's financial management arrangements:

- challenging whether processes are effective and accessible and ensuring that there is a level of integration between corporate and service planning and performance and financial management
- challenging how resources are allocated and used and examining their impact
- testing whether the council is directing its resources effectively to meet its priorities and is achieving value for money
- providing an additional and transparent challenge to the executive's management of the council's finances.

Being a good financial scrutineer does not require you to be a financial expert. But it does require you to ask questions and challenge when you are not clear about how the council is spending its money and how it is ensuring that there are sufficient financial resources to fund its current and future plans. Similarly, don't be put off by the columns of detailed figures you may be presented with as a member. The same principle applies – if the key messages are not clear to you, ask your cabinet members or financial officers to explain what the information is supposed to tell you. Good financial scrutiny will require you to develop a reasonable knowledge of the council's financial standing, but it will require you to ask pertinent questions even more.



scrutiny of the council's financial affairs

The constitution of your council will make it clear who has the principal responsibility for monitoring important aspects of the organisation's financial health: from issues of budget monitoring and financial probity to long term financial planning and fiscal stability. In most cases, it is not usually an effective use of scrutiny time to duplicate these roles if they are being carried out in a clear, transparent and effective way.

That said, there are some important scrutiny tasks in this area that can add value. For example:

- Reviewing draft financial plans (e.g. the medium term financial plan) to challenge the forecasts, affordability, risks, clarity and feasibility of what is proposed. In particular, how any financial plans will affect other important corporate or service plans.
- Monitoring some internal and external audit reports to identify areas where further, more detailed, scrutiny may be beneficial in improving financial systems, reporting processes, resource allocation or resource prioritisation. The external auditor's annual audit letter is a particularly important document to focus on in this respect.
- Responding to requests from the public for greater clarity on the council's finances and spending plans, e.g. reviewing the financial plans and financial reports made available to the public, to ensure that they are sufficiently clear and understandable.
- Carrying out periodic 'post implementation reviews' of large revenue or capital projects to determine whether these were delivered on time and within budget, achieved their stated aims and delivered the outcomes and value for money anticipated.
- Challenging decisions relating to new service commitments, investments and previously un-budgeted demands.
- Scrutinising the financial implications of greater partnership working, e.g. how partnerships are financially managed, the impact of pooled budgets on the council's spending, the financial rationale for entering into partnerships and what impact any spending is having in cross-cutting policy areas.
- Keeping a regular 'watching brief' on important matters affecting general resource management, e.g. improvements in procurement or programme/project management.



scrutiny checklist – financial planning


- Has the council got a medium term financial plan (MTFP)?
- How well is it integrated with other corporate strategies and plans in the council?
- How does the MTFP contribute to the allocation of resources in priority areas?
- How is the MTFP used in the annual budget setting process?
- How is the MTFP monitored on an on-going basis by members?

budget setting and monitoring – the importance of scrutiny

Just as the budget process in your council is carried out on a cyclical basis throughout the financial year, budget scrutiny must also be carried out on a rolling programme. This work can involve:

- Challenging how the budget has been constructed before it is agreed and before the level of council tax has been set. In particular, probing any assumptions that lie behind the executive's budget strategy, i.e. is the approach incremental or is it starting from a base budget, what are the main savings proposals, how will any growth be funded, are the financial implications of proposals from departments or committees built into the overall budget and has an appropriate level of reserves been set?
- Reviewing how well the executive is managing the budget throughout the year and carrying out regular, but not detailed, budget monitoring exercises to test this, e.g. in areas where expenditure against budget looks to be well above or below forecasts and where growth/savings targets and revised forecasts are involved.
- Undertaking some evaluation of performance and value for money.
- Maintaining a 'big picture' view of the financial pressures affecting the council and continuously challenging how these might impact on existing budgets and budget setting in subsequent years.

An important area for members to constantly bear in mind is the format and content of any budget monitoring information. Many councils now use summary information, exception reporting or 'traffic light' style indicators to cut down on detailed financial information and to provide 'early warnings' of potential problems. If this type of information is not available or could be improved to enable better scrutiny, members should challenge their cabinet and/or officer colleagues to make such information available.



**scrutiny checklist
– budget setting**

- Do the proposed spending plans fit with the council's overall aims, objectives and priorities?
- Is it clear how outcomes/outputs will be measured?
- What opportunities are there to generate income for the council (e.g. from fees, charges etc.)?
- Have targets been established? Are these targets acceptable and how will they be monitored by members?
- Has the budget been reviewed thoroughly by members or 'rolled over' from the previous year, i.e. more or less the same commitments with some allowance for the inflation of costs?
- How well does the budget link with expected service demand?



scrutinising performance, efficiency and value for money

Scrutiny can play a major role in improving performance, delivering efficiencies and demonstrating value for money. In examining these issues, members will be concerned with the following:

- **Inputs** – the resources used in delivering a service, e.g. the financial and staffing costs of delivering a housing benefits service each year. In value for money terms, a service that operates to minimise the inputs required is described as economic in its use of resources.
- **Processes** – the approach that an organisation takes in using its available financial and staffing resources to deliver a customer service, e.g. the method of processing housing benefits claims. In value for money terms, a service which makes best use of the inputs it has available in delivering high quality processes is described as efficient in its use of resources.
- **Outputs** – the services that are delivered as a result of the inputs and processes of the council, e.g. the number of customers receiving their housing benefits payments as planned each month.
- **Outcomes** – the improvements in the quality of life experienced by those in the community as a result of the outputs delivered by the council, e.g. the reduction in poverty resulting from the efficient delivery of housing benefits payments to those in need. In value for money terms, a service which delivers a high volume of quality outputs and/or outcomes is described as effective in its use of resources.

The monitoring of economy, efficiency and effectiveness is of crucial importance within financial scrutiny. If a council service is uneconomic or inefficient, there is a risk that it will waste some valuable resources. However, if an economic and efficient service is ineffective, it risks wasting all council resources. Your local community wants economic and efficient services, but it wants effective services even more.

The council's general performance management framework and suite of performance indicators can provide you with a wealth of information for assessing the relative value for money being delivered by different council services [a separate workbook in this series can also provide you with more detailed information on general performance management].

Outside of this, there are two main areas in which financial scrutiny can add value here. Firstly in monitoring the savings being achieved as a result of the Gershon efficiency agenda (see text box), and secondly in carrying out specific investigations into the value for money being delivered by individual services (see case study).

In both of these areas, members will need to be guided by officers on the most appropriate methods and approaches to use in carrying out the required work. It is also likely that this form of financial scrutiny will only be possible in a limited number of areas each year due to the time and resources required to carry out such exercises.

financial scrutiny – the Gershon efficiency agenda

Sir Peter Gershon was commissioned in 2003 to undertake an independent review of how the public sector could exploit opportunities for efficiency savings, so that resources could be released for front-line public service delivery. Efficiency is about raising productivity and enhancing value for money and efficiency gains are achieved by 'doing the same for less or more for the same', i.e.:

- (a) Reducing inputs (money, people, assets etc.) for the same outputs.
- (b) Reducing prices (procurement, labour costs etc.) for the same outputs.
- (c) Getting greater outputs or improved quality (extra service, productivity etc.) for the same inputs.
- (d) Getting proportionately more outputs or improved quality in return for an increase in resources.

All councils were set an efficiency target by the government to achieve savings of 2.5 per cent a year until 2008. The 2007 Comprehensive Spending Review, which was published in October 2007, included a new performance management framework detailing how Gershon efficiencies will be monitored and reported in the coming three-year spending review period. Councils will be expected to deliver three per cent cashable savings from 2008 to 2011. In a challenging environment, scrutiny has a key role in reviewing how your council is achieving these efficiency gains.



case study **– value for money reviews**

Elmbridge Borough Council is carrying out a programme of value for money reviews to redirect resources to improve services for communities. It aims to save money daily by cutting paperwork, encouraging smarter procurement and ensuring that services are run more efficiently and effectively. Its first review was on local taxation and produced savings of at least £120,000 per annum. The bulk of this was achieved in the 2007/08 revenue budget.

The value for money programme has two elements. The first is a process for prioritising services for review based on their value for money impact. This is based on information provided by service heads and considers cost elements and a risk assessment. The second is a review process designed to identify an improvement action plan. This specifies where cost savings can be made and how the value for money of services could be improved.

Under the programme, all services will be reviewed by April 2009.

O&S working party **– review of the finance directorate** **background**

The finance directorate has been set a savings target of £0.45m for the 2008/09 year. The director of finance has put forward some proposals to achieve this which have recently been accepted by cabinet. The proposals make little mention of the need to cut any staffing posts and the O&S committee has some concerns that the director's review has not been thorough enough and the council is not getting value for money from the finance function.

findings **– staffing numbers and structures**

There are 438 full time equivalent (FTE) staff employed in finance related activities across the council. Of these, 265 are based in the central finance directorate and 173 in the other directorates.

The staffing numbers were compared to those in nine similar councils. This showed that the council had the largest number of finance-related FTEs in the survey. In total, the council has 82 per cent more finance-related staff than the survey average (438 compared to 241), nearly twice as many. Furthermore, the council has not only the largest number of devolved FTEs (173), but also the third largest central finance function (with 47 per cent more than the average – nearly half as much again).

By only including those authorities that carry out the most similar activities to the council in its corporate finance function, the comparison is even more unfavourable. In total the council has well over twice as many finance staff as the average. One authority had only 24 devolved staff to deliver its finance function compared to the council's 173.

On any scale, the council appears to have a high number of finance-related staff. An analysis of the various structure charts of the comparator councils also reveals that the council appears to have:

- A large number of 'hierarchical' layers, i.e. eight layers from the director to clerical staff (most other councils have four).
- A 'top heavy' structure with five assistant directors and at least twenty-two 'manager' posts, in addition to a 'chief accountant' and 'chief technical officer'.
- Elements of duplication in roles, e.g. there are at least three separate sections, reporting to three different assistant directors who appear to have some sort of technical research aspect to their role ('research & development', 'technical' and 'special projects').
- A large 'management support' function of eleven FTEs.



planning and structuring financial scrutiny work

Most councils use a variety of approaches in carrying out financial scrutiny. This can include:

- Specific financial and budget scrutiny exercises as part of the regular work of standing O&S committees.
- Budget scrutiny panels which 'shadow' the financial monitoring work carried out by executive members.
- Service scrutiny panels which take the lead in scrutinising all aspects of individual service performance, including departmental budget performance and value for money issues.
- Time limited 'task and finish' groups which can investigate a particular financial issue or look in more depth at the scope for efficiency savings or value for money improvements.

Whatever structural arrangements are adopted, financial scrutiny work should be programmed and planned as efficiently as all other elements of the scrutiny function and will rely on three essential ingredients:

- Robust and effective work planning which is owned and driven by members rather than officers.
- The development of an effective culture of scrutiny, based on consensual politics, robust challenge and accountability (as opposed to party politics, opposition and blame) (see text box).
- A reliance on evidence and reasoned judgement rather than opinions and dogma.



scase study – financial scrutiny in Newcastle

Newcastle City Council has carried out a number of financial scrutiny reviews in recent years. These include reviews of:

- value for money issues for pupils with high and complex educational needs
- a sickness absence review
- value for money issues in the procurement and delivery of minor works schemes



financial scrutiny – an effective culture of scrutiny

new scrutiny culture

inquisitorial
questioning
cross-examination
probing the 'heart of the matter'
pre-agenda meetings
dialogue and debate
variety of views
holding to account
seeking evidence

old scrutiny culture

adversarial
taking as read
reliance on expert views
pre-agenda meetings
whipped decisions
reliance on key politicians
points scoring
call in as a favoured tactic
call in as a useful tool
seeking confirmation

As with other scrutiny work, good information is needed for members to form opinions and draw conclusions. In financial scrutiny it is likely that quantitative evidence will be the main source of information, i.e. numerical data or information that can be converted into numbers, e.g. financial accounts, budget reports, performance indicators or analyses of user or population statistics. This can provide answers to the essential questions of 'how many?', 'how much?', 'how often?' and 'at what cost?'

However, in budget monitoring and value for money reviews, the importance of qualitative evidence should not be overlooked in helping members to understand the processes and procedures that lie behind any analysis of costs and performance. Much of this can be gathered through the effective questioning of expert witnesses and other relevant stakeholders as illustrated below.

By focusing on good information-gathering techniques and making best use of a range of questioning approaches, those involved in financial scrutiny should be able to form sound judgements, conclusions and recommendations.

effective questioning during financial scrutiny

positive practice

Free narratives and open questions – asking an open question and allowing the respondent to give a free narrative of the situation from their perspective, e.g. 'What are your thoughts regarding the cost overrun...?'

probing – using a range of techniques to elicit information and deepen understanding, i.e.:

- **challenging**, e.g. 'What exactly did this cost?'
- **encouraging**, e.g. 'That is a significant underspend!' (with a pause for a further response)
- **acknowledging/repeating**, e.g. 'You don't think the department had any cash problems at the time?'
- **procuring details**, e.g. 'Did you do anything else to save money?'
- **faked puzzling**, e.g. 'You transferred the money into your personal account – is there anything wrong with that?'
- **linking**, e.g. 'You said that 'management' was responsible for the escalating costs – who is the manager in charge?'
- **direct questions**, e.g. 'How do other authorities manage to stay within budget?'
- **showing understanding**, e.g. 'I see' (allowing time for the respondent to elaborate)
- **contradicting**, e.g. 'You say that the financial performance was good, but don't the figures really show the performance to be average?'

unhelpful practice

double bind questions – which are impossible to answer without incrimination, e.g. 'Have you stopped lying about the figures?'

biased question – which have an inbuilt bias, e.g. 'What do you think about the problems that the lack of budget is causing?'

leading questions – which unfairly lead the respondent to a particular answer, e.g.

'I think the financial controls are poor – what do you think?'

terminating statements – which prevent the respondent from answering, and implicitly assume that the person agrees with the point raised, e.g. 'I could ask you what cost controls were in place, but your earlier comments have already confirmed that you believe no financial control was evident'

tag questions – which are small additions to the end of a statement in order to prompt a response, e.g. 'This is the best course of action, isn't it?'

overcoming the challenges of financial scrutiny

In earlier sections of this workbook we hinted at some of the inherent challenges presented by financial scrutiny. This includes the fact that it is often seen as a technical pursuit and can be viewed as overly 'political', highlighting financial shortcomings at both a corporate and service level and potentially bringing scrutiny members into conflict with executive members and/or officers.

Many of these problems can be overcome by building an effective culture of scrutiny (see text box on page 12) and by considering the following good practice tips:

- Be positive and seek to enhance and influence, not criticise or undermine.
- Challenge the jargon, technical language and acronyms. If you can't understand the information presented, it is likely that others won't be able to either.
- Concentrate on adding value, rather than opposing for its own sake.
- Be clear about the value of different roles at different times, e.g. challenging the budget setting process at a time when it can make a difference rather than attacking it after the event.
- Focus on the big picture – don't scrutinise the budget or financial plans in isolation and don't demand unnecessary detail.
- Challenge issues of integration within the planning process, e.g. how the longer term capital strategy is aligned with the annual budgeting process and medium term financial plan.

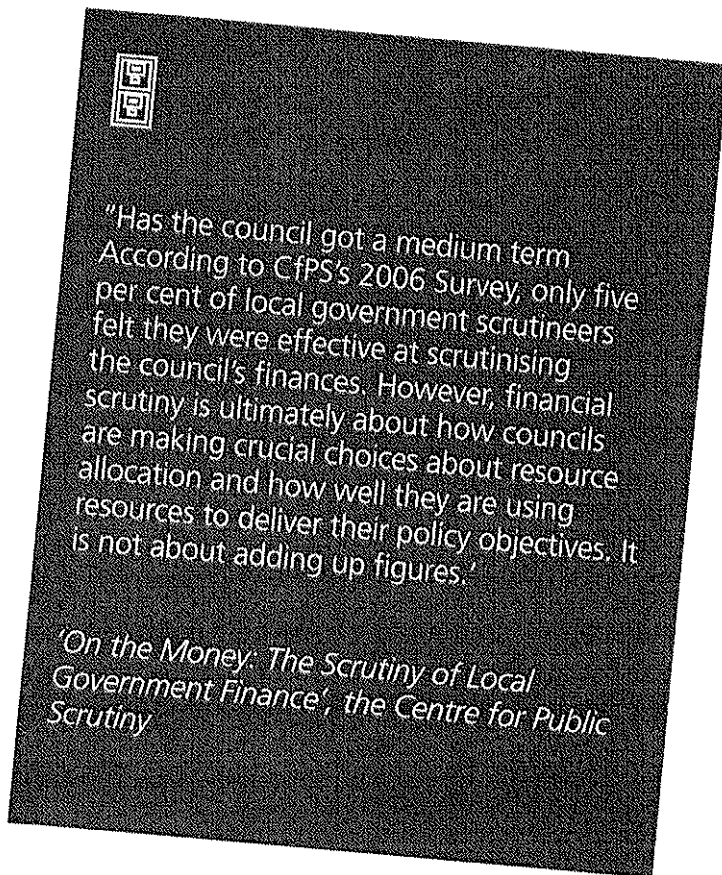
In overall terms, remember that while financial scrutiny should be critical, it should also be constructive.



summary

Financial scrutiny is an important, if currently underused, element of the overall scrutiny armoury. Many members shy away from involvement in the function because they often lack the confidence to get behind the figures presented to them and feel reluctant to challenge those in financial roles.

However, the real value of financial scrutiny lies not just in its ability to hold decision makers and finance officers to account, but in illuminating the very workings of the local government machine. If council services are to be run economically, efficiently and effectively, they must make best use of the scarce resources allocated to them. This requires sensible financial planning, transparent processes for resource allocation, robust fiscal controls and strong budgetary and performance monitoring. In all of these areas, financial scrutiny can add value in challenging how councils make best use of the public money they receive.



next steps – where do you go from here?

Look back over the material contained in earlier sections of this workbook and consider the following:

- a. what key action points can you identify to improve your contribution to financial scrutiny, i.e. what three or four things might you start doing, keep doing or stop doing?

- b. have you identified any gaps in your knowledge or shortcomings in your personal skills? If so, please set these out below and identify how any further training or development might help you, e.g. further reading/research, attending courses, coaching, mentoring, work shadowing etc.

key issues raised by the case study on page 12

what conclusions do you draw from the findings?

It appears that significant savings could be made in the numbers of finance staff – both centrally and among devolved finance staff.

This position may be depriving other front-line departments of scarce staffing resources.

The existing staffing structure looks to be carrying significant 'management overheads'.

The director of finance's recent review could not have been very thorough if these staffing/cost comparisons have been overlooked.

Further questioning/investigation would be beneficial to ascertain what could be done to achieve better value for money.

what questions would you want to ask of the cabinet and chief officers?

Why are the staffing figures so high, compared to other, similar, councils?

Is there anything to justify why the council's staffing numbers should be at their current level, e.g. higher service levels, greater workloads etc.?

To what extent does finance make use of information and communications technology (ICT) – is there scope to reduce staffing numbers by greater use of ICT?

Why did the director of finance's recent review not include any comparison of staffing costs/numbers against those of other councils?

How will the director of finance's proposals reduce the apparent 'management overheads' of the finance function.

What work has been done to ascertain the views of the departments on the value for money offered by the finance function (both central and devolved staff)?

what further analysis, investigations or review work is now necessary?

More in-depth analysis of the service levels provided by the finance function.

Analysis of the performance indicators for the finance function and review of any previous internal/external reviews of finance.

Questioning of the director of finance – perhaps using an 'expert witness' from another council.

Some survey work to get more information on the views of service managers on the value for money being delivered by the finance function.

sources of further information

printed publications

A Councillor's Guide, Improvement and Development Agency for local government (IDeA).

Good Scrutiny Guide, CfPS.

On the Money: The Scrutiny of Local Government Finance, CfPS.

Overview and Scrutiny in Local Government: A Handbook for Elected Members, CfPS.

Putting it Into Practice: The Questioning Technique, CfPS.

useful websites

www.idea.gov.uk

The IDeA's website which is an invaluable source of help and advice for all those in local government. Contains a wealth of information on scrutiny.

www.cfps.org.uk

The Centre for Public Scrutiny website has extensive resources for scrutiny: publications, events, a library of review reports and a discussion forum.

www.cipfa.org.uk

The website of the Chartered Institute of Public Finance and Accountancy.

www.london.gov.uk/assembly/scrutiny/budget

Contains information about the London Assembly's approach to scrutinising the Mayor of London's budget.

www.lgiu.gov.uk

The Local Government Information Unit website gives information on publications and other scrutiny work.

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Extract from Cllr Girling's email commenting on the conduct of business for Overview and Scrutiny.

I write to you after our telephone conversation regarding the review of the Overview & Scrutiny Committee.

I have a number of observations which we seem to share and I list them for your reference and the forthcoming O&S Review meeting.

1. O&S Committee members should commit to submit a list of questions for the forthcoming O&S guest speaker 2 weeks before the meeting, Democratic Services can forward them to ensure the guest has no excuses for not turning up prepared.

2. Guest speakers to not come alone, but bring relevant officers in case the committee have further questions separate from those provided in advance of the meeting. Essex CC guest was a good example of this need as his knowledge of wider Highways processes was poor. I also prevents external groups using avoidance tactics

3. O&S committee members should be allowed to ask ALL there questions before the chair opens the floor to other Cllrs & members of the public.

4. A full list of the questions and answers should appear in the members bulletin as at O&S we deal with topics that are important to all members

5. The agenda for the meeting needs to be adjusted to allow more time to grill the guests as this is the main reason for the meeting.

6. Keep the pre-meeting to prepare order of questions and any added ones. I'm not sure it's right to include non-committee members at this meeting otherwise it takes the time away from O&S members asking their questions. Non committee get their chance once we've finished.

7. When guest start with an introductory presentation we as members should agree a top 3 or 4 bullet points of topics they should cover. The

guest should then be able to give a more targeted presentation relevant to members needs.

8. The chair needs to be tougher on the guest to make it clear we are not impressed if our answers & presentations are not suitably focused & answered.

I hope my comments are balanced and make sense.

Many thanks

Cllr Leon Girling
Loughton Town & Epping Forest District

Items agreed at the previous meeting of the Overview and Scrutiny Review Task and Finish Panel

Nomination of O&S Chairmen –

AGREED: that the following wording be added to the constitution, that:
“The Chairman should have experience and understanding of our Scrutiny System.”

AGREED: that the constitution should not be altered but, with an emphasis on any training given to members on Overview and Scrutiny that it was not and should not be whipped.

Leader & Cabinet to O&S –

AGREED:

- 1) That the Leader should be called to the Overview and Scrutiny Committee, twice a year at the most; firstly at the start of the year to present their Forward Plan and secondly after 6 months to update the Committee. That all members should be encouraged to attend.
- 2) That at the start of the year the Leader shall indicate, if appropriate, that O&S look at any work that the Cabinet thinks needed to be investigated.
- 3) That individual Portfolio Holders to attend an appropriate Standing Panel meeting formally convened to consider their Portfolio and to question them. This meeting be open to all members; and that the Portfolio Holder be encouraged to attend all appropriate Standing Panel meetings that considers their portfolio.

AGREED:

- i) That the Forward Plan include other decisions other than just Key decisions;
- ii) That the Cabinet Review agenda item be placed earlier on O&S Agenda;
- iii) That members raise any items of business for future Cabinet meetings as raised in the Forward Plan; and
- iv) Members have the opportunity to ask Portfolio Holders questions on matters of concern.

Use of PICK Forms for Scrutiny

AGREED:

- 1) That a rigorous use of the PICK work request form should be enforced, preferably through better training and/or by returning the form to members asking for more details;
- 2) That a further report be submitted on Scrutiny follow up processes.

Scrutiny Panel Chairmen

AGREED:

The Panel agreed that the Constitution should be strengthened to say that Panel Chairmen are expected to attend the main O&S Committee to give progress reports on their Panel's work.

Call-ins

That once a call-in had been made:

1. That either side could request a pre-meeting to discuss the call-in before it was considered formally by the Overview and Scrutiny Committee;
2. That they should not attempt to define what a major or minor matter was for a call-in and that the wording should remain "Call-ins should be for the bigger and more important issues and not for small insignificant detail."
3. They agreed that the present set time for calling-in a report should be kept at 5 days, as nowadays with electronic communication it was relatively easy to get five members to sign a call-in, especially as they could send in their signatures separately by email;
4. Members also had the time before a Cabinet meeting to study the reports on the agenda as well as the five working days after the decision had been taken to call-in a decision;
5. That some sort of electronic call-in be introduced to speed up the process;
6. That a system be devised for the members of a call-in to be able to withdraw their objections if once having met with the Portfolio Holder and chairman of the O&S Committee their concerns were met;
7. That the protocol be clarified to make for a more formalised debate with only the lead call-in member and the Portfolio Holder allowed to start the debate and then opening it out to wider discussion, with members of the committee speaking first, then non members and with the Portfolio Holder concluding the debate;
8. That guidance be sought for the amendment of a report after a call-in had been made and a compromise had been had been reached.

Scrutiny of External Organisations

The Panel wanted to:

- i) Have a repeat of the training sessions first had last year on scrutiny;
- ii) Change the layout of the chamber to alter where the outside bodies sit and where the committee sit when receiving a presentation;
- iii) This new layout could also be used for call-ins;
- iv) The non-attendance of the public at our meeting needed to be addressed and their ability to ask questions of the outside bodies;
- v) Members should be flexible about putting presentations to either the O&S Committee or if preferable to a suitable Standing Panel.