



SCRUTINY LEADERSHIP GROUP – 24TH APRIL 2014

SUBJECT: SCRUTINY DEVELOPMENTS

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

1. PURPOSE OF REPORT

- 1.1 To inform Scrutiny Leadership Group of recommendations made about scrutiny by the recent WAO Special Corporate Governance Inspection Report and the Welsh Government commissioned 'Williams Report' on the future of public service governance and delivery.

2. SUMMARY

- 2.1 This report highlights the issues identified in respect of scrutiny contained in the Wales Audit Office Special Corporate Governance Inspection Report published in January 2014 and the scrutiny specific recommendations contained in the report published by the Commission on Public Service Governance and Delivery (the Williams Report) also published in January 2014.

3. LINKS TO STRATEGY

- 3.1 The operation of scrutiny is required by the Local Government Act 2000 and subsequent Assembly legislation.

4. THE REPORT

- 4.1 This authority took part in the Wales Audit Office (WAO) National Scrutiny Improvement Study, which involved all 22 Welsh Local Authorities participating in self-evaluation and peer review exercises during 2013. The outcome of the study resulted in the development of a Scrutiny Improvement Action Plan, approved by full Council on 8th October 2013.

- 4.2 The Scrutiny Improvement Action Plan included a number of changes to the organisation of scrutiny committee meetings, committee seating plans, pre-meetings and member training.

Special Inspection Report

- 4.3 Following the WAO report in the public interest published in March 2013, the Auditor General undertook a special inspection of the Council's Corporate Governance arrangements during the autumn of 2013.

- 4.4 The special inspection sought to answer the question 'Do the authority's governance and accountability arrangements support robust, transparent and effective decision making?' The special inspection report was published in January 2014 and highlighted a number of areas in respect of the scrutiny arrangements at the Council as follows:

Performance Management Arrangements

- a. 'There were mixed views about the effectiveness of the biannual performance scrutiny committees and the service improvement plans.'
- b. 'Eighty-nine percent of members surveyed felt that performance information provided to them was helpful or very helpful. However, members we spoke to as part of the inspections were broadly of the view that there is a need to better integrate performance monitoring into the routine business of scrutiny and Cabinet, rather than through separate performance scrutiny meetings.'

Relationships between Officers and Members

- c. 'The survey suggest that members feel able to challenge officers; however, members and officers had a mixed view of the effectiveness of the Council's scrutiny committees. The Chairs of these committees felt that there were areas where scrutiny could be improved. This is attributed to a range of reasons, such as:
 - Whether the right reports are being presented to scrutiny committees.
 - Members understanding and confidence in their roles, and;
 - A view that the six-monthly scrutiny of council performance was too weak and is not an integrated part of the scrutiny process and hinders progress towards a self-evaluation approach.'
- d. 'Procedural changes have been introduced to better distinguish between members and officers in committees and a Scrutiny Leadership Group has been set up. Many of these changes are still in their infancy and are not yet in place consistently and robustly across all committees.'
- e. 'The Council is continuing to observe and learn from how scrutiny operates at other local authorities. Our observation of scrutiny committees and Audit Committee is that Members are becoming more challenging and are growing in confidence although it is evident that there is still much to do to ensure there is greater consistency of performance across committees.'

Commission on Public Service Governance and Delivery (Williams Report)

- 4.5 The First Minister established the Commission on Public Service Governance and Delivery in April 2013. The Commission was tasked with examining all aspects of governance and delivery of services within the devolved public sector in Wales. The Commission reported under five themes - complexity, scale and capability; governance, scrutiny and delivery; leadership, culture and values; and performance and performance management.

Complexity

- 4.6 The report states that there is little, if any, alignment between processes of audit, inspection and regulation and mechanisms for formal and political scrutiny. They state that scrutiny has struggled to have a meaningful and consistent impact on governance and delivery. The Commission argue that although scrutiny is different from audit, inspection and regulation it does not mean that each should take place in isolation. Indeed, their differences should complement each other, which in turn would strengthen accountability.
- 4.7 The report recommends that 'scrutiny, audit, inspection and regulation must become complementary, clearly aligned and mutually reinforcing' to increase their effectiveness in driving improvement and reducing complexity.

Governance, Scrutiny and Delivery

4.8 The key issues identified by the Commission were:

- How high standards of governance within organisations can be continuously embedded.
- How partnership and collaborative governance and accountability can be strengthened and how strategic national and local partnerships can be strengthened and used.
- How scrutiny can be given priority, stature and support and how its capacity to drive improvement can be strengthened.
- How information can support scrutiny and governance
- How audit, inspection and regulation can support scrutiny and governance.

Scrutiny

4.9 The Commission recommended the following:

- a. The importance, status and value of scrutiny must be prioritised, continually sustained and reinforced. To support this:-
 - All elected members, independent members, non-executive directors and officers must acknowledge the importance and value of scrutiny in improving services for people and organisations in Wales. The independence of scrutiny must be strongly asserted and protected, as must its essentially constructive and positive nature.
 - Executive members, non-executive directors and officers must similarly acknowledge the value of scrutiny in helping them deliver services better. They must publicise and explain their decisions clearly, and invite scrutiny of them, willingly and openly. They must also acknowledge and respond to scrutiny reports promptly and in good faith.
 - As part of raising the stature and profile of scrutiny and engaging citizens there must be increased visibility of the outputs and outcomes from local government scrutiny.
- b. Organisations must regard scrutiny as an investment to deliver improvements and future savings. They must resource and support scrutiny accordingly:-
 - Local authorities must make appropriate support available, at officer level, to develop co-ordinated scrutiny plans, identify gaps in expertise on the committees and provide proportionate and understandable information to committee members. Other organisations must similarly ensure that resources for scrutiny are sufficient for an effective scrutiny function.
 - Mandatory training must be provided to all members and chairs of local government scrutiny committees. Equivalent training must also be mandatory for community health council members engaged in scrutiny roles, fire and rescue authority members, others charged with formal scrutiny. Equivalent training should also be given to non-executive or independent members to support their role in holding their executive to account.
 - Organisations must adopt a 'best practice' approach to scrutiny, not a 'least required'. The agreed scrutiny outcomes and characteristics being prepared by the Centre for Public Scrutiny must be developed in discussion with other public sector organisations. Once agreed, they must be adopted by each organisation within 6 months.
- c. Local government scrutiny committees and other formal scrutiny bodies must engage more effectively with the public and partners. That should include the co-option of individuals from advocacy and other groups onto scrutiny committees to increase such committees' capacity and capability to provide constructive and informed scrutiny.
- d. Auditors, inspectors and regulators who report on individual organisations must do so directly to the appropriate scrutiny or audit committee. Where appropriate they should

assist the committee in its consideration and holding the executive to account.

- e. Individuals in governance roles in every organisation must recognise their responsibility for ensuring that the standards of good governance are upheld. Every organisation must evaluate itself each year against established standards and best practice of good governance. This must be validated by their respective regulators.
- f. Local Service Boards must be subject to effective scrutiny by a specific scrutiny programme which must consider whether the analysis of needs has been robust, whether the plan will effectively tackle those needs, is it adequately resourced and whether it is effectively implemented.

4.10 The Williams report is currently under consideration by Welsh Government and there are no indications, as yet, if these recommendations will be implemented.

5. EQUALITIES IMPLICATIONS

5.1 This report is for information purposes, so the Council's EqIA process does not need to be applied.

6. FINANCIAL IMPLICATIONS

6.1 There are no financial implications not contained in the report.

7. PERSONNEL IMPLICATIONS

7.1 There are no personnel implications not contained in the report.

8. CONSULTATIONS

8.1 There are no consultation responses not contained in the report.

9. RECOMMENDATIONS

9.1 That Scrutiny Leadership Group note and comment on the WAO Special Corporate Governance Inspection Report and the scrutiny specific recommendations contained in the Commission on Public Service Governance and Delivery Report.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To keep Scrutiny Leadership Group informed of feedback from WAO and potential future developments.

11. STATUTORY POWER

11.1 Section 21 of the Local Government Act 2000

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