

# Report

## Council

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### Part 1

Date: 16 May 2017

**Subject** **Scrutiny Committee Structure**

**Purpose** The purpose of this report is to present the Council with a suggested structure for the Scrutiny Committees.

**Author** Senior Overview and Scrutiny Officer

**Ward** All.

**Summary** The Council determines the structure of Scrutiny Committees. The existing Scrutiny Committee structure was established after the 2012 Local Authority Elections, and has remained the same since then, despite changes to service area responsibilities and Cabinet Portfolios.

A proposed structure, and suggested terms of reference are attached for the Councils approval.

**Proposal** That the Council:

- 1) Establish the following Scrutiny Committees:
  - a. Overview and Scrutiny Management Committee
  - b. Performance Scrutiny Committee – People
  - c. Performance Scrutiny Committee – Place and Corporate
  - d. Performance Scrutiny Committee – Partnerships.
- 2) Agree the terms of reference for these Scrutiny Committees (**Appendix 1**).

**Action by** Head of Democratic Services/Senior Overview and Scrutiny Officer

**Timetable** Immediate

This report was prepared after consultation with:

- Head of Democratic Services
- Head of Law and Regulation
- Head of Finance
- Head of People and Business Change
- Chief Executive
- Overview and Scrutiny Team
- Chairs of Scrutiny (May 2016-2017)

## Signed

### 1. Background

- 1.1 The existing Scrutiny Committee structure was established after the 2012 Local Authority Elections, and has remained the same since then, despite changes to service area responsibilities and Cabinet Portfolios. There is a need establish clear and transparent reporting lines to respond to criticisms within the Corporate Assessment, and action the fundamental overhaul of the scrutiny process indicated as necessary within this assessment. There have been a number of improvements to process and practice in the last few years, but a greater step-change is required to meet our ambitions for scrutiny improvement.
- 1.2 A major overhaul of the work programme is needed to realign Scrutiny as a key component for driving forward improvement, to look at the Council in a more strategic way, and to focus on how the Council is achieving its aims and objectives set out in corporate documents, such as the Corporate Plan, and Newport 2020.
- 1.3 The Scrutiny function could make more of an impact if it were to focus its resources on the scrutiny of performance, becoming more outcomes focused and linking in with the Cabinet work programme, to create a cohesive approach to achieve improved performance within the Council.

### Corporate Assessment

- 1.4 The Corporate Assessment made a number of recommendations relating to scrutiny, and focused on the need to improve the work programming.
- 1.5 The report also highlighted the need to clarify the role of the performance Board, which monitored the performance of the Cabinet and there was an overlap between its role and the role of Scrutiny. The performance Board was disbanded in May 2016, but the performance improvement role was not developed into the Scrutiny Committees portfolios. Developing the role of Scrutiny in managing performance has also been an area of improvement identified within the Scrutiny Annual Report:

*'To develop an appropriate role for Scrutiny within the new arrangements for managing performance, and building on the existing measures for service plan monitoring (Scrutiny Annual Report Action 7) '*

### Recommendations of the Public Services Board Scrutiny Review Group

- 1.6 The PSB Scrutiny Review Group undertook an investigation to recommend a permanent structure for Scrutiny of the PSB. The Final report, which was endorsed by the Street Scene, Regeneration and Safety Scrutiny Committee, contains the full recommendations. The most significant conclusion was that there should be a separate Committee for Scrutiny of the PSB:
  - Partnership scrutiny needs to be a priority and carries with it a significant workload that could easily occupy a whole committee.
  - Different skills are required for partnership scrutiny to other scrutiny business. Dealing with external bodies requires a different approach to dealing with internal witnesses, and the committee will need to establish a positive and constructive dialogue with partners.
  - A single committee could be made up of Members with different expertise, e.g. social services, education, regeneration, but coming together to take an overview of PSB business as a whole, therefore counteracting silo thinking.

- Ensuring proper focus on partnership scrutiny, and making sure members have the right skills to carry it out, will strengthen accountability of the partners / partnerships and ensure the right level and type of challenge.

### **Findings of the Scrutiny Peer Review / Self Evaluation**

1.7 In March / April 2017, the Scrutiny Chairs engaged in a peer review exercise with colleagues from Monmouthshire and Caerphilly. The Scrutiny Team also sought feedback from Officers and Members involved with the Scrutiny process via an evaluation questionnaire. Initial self-evaluation feedback on these two evaluation exercises indicate that:

- There is a need to better coordinate and manage the items that are presented to the scrutiny committees. There is insufficient time to do everything that is put before scrutiny, the referral and work programming process needs to be managed more consistently.
- That workloads are stretched, and there is a need to prioritise items and focus on what outcomes scrutiny Committees can achieve.
- Scrutiny would benefit from doing less, more effectively – i.e. less light touch items, fewer more in-depth reports.
- We do a lot of pre decision scrutiny, but not enough post decision and holding to account on how those decisions have been effectively implemented.

### **Scrutiny Chairs Meetings**

1.8 The Scrutiny Team has taken steps this year to coordinate the work programmes of the three committees, and to have a consistent approach to scrutiny within the three committees. This has mainly been achieved through regular meetings between the Scrutiny Chairs and the Scrutiny Team. The Chairs have been consulted on the Scrutiny Annual Report and actions for improvements to the Scrutiny process, such as pre meetings, briefing notes and dealing with referrals to the Committees.

1.9 This process could build on in the future if this function could be more formally constituted as a Committee and able to manage the scrutiny function in the public domain, with support from other Scrutiny Members with different expertise and specialist areas.

## **2. Proposal for New Structure for the Scrutiny Committees**

2.1 To make the Scrutiny Committees the most effective, there is a need to change the focus on away from portfolios, to focus on what roles scrutiny should be undertaking and structure the Committees to support these roles.

2.2 The main roles that the Committees undertake are:

- **Performance Monitoring** – holding the executive to account
- **Policy Review and Development** – Including consultation on decisions before they are made (pre-decision Scrutiny)
- **Performance of partnerships** – in particular the PSB (but also NORSE, EAS, SRS, Newport LIVE).
- **Scrutiny of Corporate Strategies and Plans** – such as the Corporate Plan, Improvement Objectives.

- **Coordination / management** of work programmes - including referrals, policy review groups, recommendations monitoring and setting processes for looking at Corporate issues such as the budget, public engagement, the Corporate Assessment)
- 2.3 By taking a “form follows function” approach, we can future-proof the scrutiny committees, by allowing Scrutiny to be more flexible to adapt to any changes in the structure of the directorates, and any Political changes easily. It would also be able to adapt easily as the agenda for partnership scrutiny develops.
- 2.4 The Scrutiny Team have introduced many positive changes to the processes we use within Scrutiny, including changing the report template, and introducing briefing notes and pre meetings. All of this positive work has been coordinated through regular meetings with the three chairs, who have been very proactive in introducing changes and providing consistency between the three Committees. We would like to develop this approach further and consider including this important role of coordination and management of the scrutiny work programmes into the Scrutiny structure as a formally constituted Committee. This would ensure openness and transparency to the Scrutiny process.
- 2.5 The proposal that we are putting forward is to change the structure of the Committees to one single Overview and Scrutiny Management Committee to undertake the ‘Overview’ role, with a series of Performance Scrutiny Committees alongside that would undertake the ‘Scrutiny’ role.

### Proposed Structure:



- 2.6 The Overview and Management Committee would include the three chairs of the Performance Scrutiny Committees on its membership and could be chaired by the three chairs on a rotation basis (no increase in chairs allowances) or by an adding additional Chair (this would result in the use of an additional chairs allowance).

- 2.7 Any policy review work would be coordinated through the Overview and Scrutiny Management Committee, which would receive the referral, determine if it was and appropriate addition to the work programme, and set up a Policy Review Group to complete the task.
- 2.8 The membership of Policy Review Groups would be made up from any interested non-executive member and not limited to the membership of the Overview and Scrutiny Management Committee

**Overview of the functions of these Committees:**

<p><b>Overview and Scrutiny Management Committee</b></p>	<ul style="list-style-type: none"> <li>• All Policy Review or Policy Development;</li> <li>• Coordinate and manage all Scrutiny Policy Reviews Groups;</li> <li>• Scrutiny of Corporate Plans, strategies and frameworks;</li> <li>• Receive and assign all referrals to Scrutiny (outside of the agreed work programmes);</li> <li>• Manage and coordinate Scrutiny Member Training;</li> <li>• Consider the implementation of projects/schemes/legislation that impact upon the whole council;</li> <li>• Coordinate the response from Scrutiny on the draft budget proposals;</li> <li>• Approve and monitor implementation of the Scrutiny Annual Report;</li> <li>• Recommendations monitoring on Scrutiny recommendations resulting from reviews.</li> <li>• Monitor the scrutiny work programmes;</li> </ul>
<p><b>Performance Committee - People</b></p>	<p>Holding the Executive to Account for its performance within the People Directorate:-</p> <ul style="list-style-type: none"> <li>○ Monitoring of performance</li> <li>○ Budget Monitoring</li> <li>○ Draft Budget Proposals</li> <li>○ Risk Monitoring</li> </ul>
<p><b>Performance Committee - Place Directorates and Corporate</b></p>	<p>Holding the Executive to Account for its performance within the People Directorate:-</p> <ul style="list-style-type: none"> <li>○ Monitoring of performance</li> <li>○ Budget Monitoring</li> <li>○ Draft Budget Proposals</li> <li>○ Risk Monitoring</li> </ul>
<p><b>Performance Committee - Partnerships</b></p>	<p>Holding the Public Services Board to account for their performance.</p> <p>Holding other partnerships to account for their performance. (NORSE, EAS, Newport Live, other commissioning agreements)</p> <p>Scrutiny of community safety issues and associated partnerships: Designated Committee for Crime and Disorder (statutory requirement).</p>

2.9 The anticipated benefits of this approach would be:

- A complete change in focus of the work programmes to consider what role scrutiny undertaking. This should make the work programmes more outcomes-focused and reduce the number of items that come to scrutiny that are simply “noted”.

- Scrutiny would be developing in the key areas that we are weakest – scrutiny of performance (holding the executive to account) and scrutiny of partnerships.
- It addresses concerns raised by the WAO in relation to work programmes being too large and lacking prioritisation.
- It establishes closer links to the Cabinet Member, they would have one Committee (the relevant performance scrutiny committee) to attend, for which they would attend and explain the performance of the service, along with the relevant officers.
- The Performance Scrutiny Committees provide in-depth monitoring and challenge for clearly defined service areas. PSCs would be expected to have on-going correspondence with relevant cabinet members in order to share views and recommendations, arising from monitoring activities, about the service.
- By linking the performance scrutiny committees to the directorate – there are clearer lines of accountability.
- The work programmes would be completely re-written, starting from a blank piece of paper, building them around key council documents, objectives and risk and focusing on what outcome we are trying to achieve when including an item on the work programme.
- The Scrutiny Team would work with the Management Committee to develop more detailed selection criteria so that referrals that were not contributing to corporate objectives were able to be rejected by the Overview and Scrutiny Management Committee, making the work programme more focused.

### 3 Financial Summary

- 3.1 The proposal suggests that 3 Performance Committees, with a management Committee could be met from within existing staffing resources.
- 3.2 Any restructure to the Scrutiny Committees would need to be met from within existing resources and officer support. Increasing the number of Committees or increasing the frequency of Committee meetings would require additional resource to support.
- 3.3 Scrutiny Management Committee with an additional Chair, would result in an additional payment in the Chairs allowance of c£9k and is currently not within the Council's budget.

### Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
N/A	N/A	N/A	N/A	N/A

### Links to Council Policies and Priorities

The Corporate Plan and the improvement objectives would form the basis of the work programmes for the Committees under the proposed structure, and the monitoring of the service area performance in support of the implementation of the objectives would be the focus of the work.

## **Options Available and considered**

The options available are:

1. Agree the proposed structure for the Scrutiny Committees;
2. Keep the existing structure for the Scrutiny Committees;
3. Defer consideration of this report and consider an alternative structure for the Scrutiny Committees at a future meeting.

## **Preferred Option and Why**

The preferred option is 1 – agree the proposed structure for the Scrutiny Committees.

The proposal has been developed in response to the evaluations of Scrutiny within the Corporate Assessment, the Scrutiny Peer Review, self-evaluation exercise, the Public Services Board Policy Review Group, and has been discussed and developed in conjunction with the previous Scrutiny Chairs and officers involved in supporting the Scrutiny process.

If the Council were to keep the existing structures, it would not address the need to improve the scrutiny function, and to focus on Performance monitoring. The current structure is not clear, accountable and transparent and does not provide the best platform for scrutiny to improve performance and manage its work programme effectively. It would also not be responding to comments

Should the Council not agree to implement the proposed structure, and wish to explore an alternative structure, it is recommended that it defer agreeing a final structure, and ask Officers to report back on the feasibility of any alternative structure put forward by the Council. This is to ensure that the Council can make a final decision based on an evaluation of required resources for any alternative structure and to seek feedback as to whether it would address the concerns raised in relation to Scrutiny.

## **Comments of Chief Financial Officer**

The financial implications section deals with the potential costs of this report.

The changes could be done at no additional costs and be containable within current budget if current Chairs rotated the Chair of the 'Overview and Scrutiny Management Committee and greater focus, as recommended, is implemented for future work planning and roles of the new committees.

If any additional 'Chair of Scrutiny' role is required or the Scrutiny officer structure requires increasing, then that would add further pressure to the Council's MTFP.

## **Comments of Monitoring Officer**

The Council has a statutory duty to appoint one or more Overview and Scrutiny Committees in accordance with Section 21 of the Local Government Act 2000, but the number and terms of reference of each Committee is a matter for the Council to determine. The current structure has not been reviewed since 2012, despite changes to service area responsibilities and Cabinet portfolios. In addition, there is a need to address issues regarding clearer reporting lines and more manageable work programmes, as identified in the Wales Audit Office Corporate Assessment. Any changes need to be approved by full Council and the relevant parts of the Constitution would need to be amended accordingly.

## **Comments of Head of People and Business Change**

As outlined by the Well-being of Future Generations Act appropriate challenge and support through local democratic processes is essential to securing improvement within the Public Services Board partnership. For this reason, the Act gives the Welsh Ministers relatively few powers and relies predominantly on the role of local government scrutiny to secure continuous improvement.

The review identified that different skills are required for partnership scrutiny to other scrutiny business, with a focus on developing constructive dialogue with external partners and providing challenge of the right type and level to ensure proper accountability of the partnerships. The proposal outlined in the report would support the development of relevant skills and the type of constructive relationships required for effective challenge.

The proposed structures will need to ensure a working balance of responsibilities across the Committees and will need to ensure that the officer support required can be met within existing budgets. There are no direct human resources implications within the report.

The proposal is supported. It meets Welsh Audit recommendations regarding the Scrutiny of performance and planning as set out in the Corporate Assessment, it more closely aligns the committee structure to Directorates and strengthens and formalises Scrutiny arrangements for Partnerships.

## **Comments of Cabinet Member**

Not applicable.

## **Local issues**

Not applicable.

## **Scrutiny Committees**

The previous scrutiny Chairs (May 2016 to April 2017) were supportive of the proposed structure. The Scrutiny Chairs were asked to consider the proposal in March 2017, and make comment on how scrutiny could develop and improve. All three chairs were supportive of this proposal, and agreed it would improve the scrutiny process, and assist Scrutiny Members in achieving a more outcome and performance driven focus to the work programme by shifting the focus of the three committees to performance improvement. The Scrutiny Chairs agreed that an Overview and Scrutiny Management Committee would allow for the continuation of the progress made by an informal meeting of the three Chairs in managing the scrutiny function and taking a strategic overview of the process, but in an open and transparent manner as a properly constituted Committee. The Scrutiny Chairs also endorsed the recommendations made by the Public Services Board Policy Review Group, that the statutory obligations placed on scrutiny in relation to the scrutiny of the PSB, and the specific skillset required by scrutiny members to effectively undertake this role, warranted a separate and designated Committee for Scrutiny of the PSB and partners.

## **Equalities Impact Assessment and the Equalities Act 2010**

An Equalities Impact Assessment is not required for this report.



## **Children and Families (Wales) Measure**

The proposals do not relate to children and young people.

## **Wellbeing of Future Generations (Wales) Act 2015**

This proposal takes into account the statutory duty placed on Scrutiny relating to the PSB, and was developed in response to the in-depth review undertaken by the Public Services Policy Review Group considering the most effective scrutiny arrangements to support this.

## **Crime and Disorder Act 1998**

This proposal takes into account the statutory duty placed on Scrutiny to have a designated Committee responsible for Crime and Disorder issues outlined under this Act.

## **Consultation**

Statutory Officers have been consulted.

## **Background Papers**

[Corporate Assessment – September 2013](#)

Statement in Response to Corporate Assessment

[Follow up to Corporate Assessment – May 2015](#)

[Report of the Public Services Board Policy Review Group](#)

[Report to the Street Scene, Regeneration and Safety Scrutiny Committee – 20 April 2017](#)

Minutes - Street Scene, Regeneration and Safety Scrutiny Committee – 20 April 2017

Scrutiny Portfolios – 2012

[Scrutiny Annual Report – 2015/16](#)

[Council AGM May 2012 - Minutes](#)

Dated: 3 May 2017

## Appendix 1 – Proposed Terms of Reference

<b>Overview and Scrutiny Management Committee</b>	
Policy Review and Policy Development	<ul style="list-style-type: none"> <li>• Policy Reviews for all Council areas</li> <li>• Policy development for all Council areas</li> </ul>
Coordinate and manages all policy development and reviews.	<ul style="list-style-type: none"> <li>• Set up ad hoc Policy Review Groups for pre decision scrutiny;</li> <li>• Utilise the skills and interest of non-executive members when setting up PRG group's membership;</li> <li>• Set the terms of reference and ensure that the group work within the agreed parameters.</li> <li>• Receive and approve final reports of the Policy Review Groups.</li> </ul>
Consider the implementation of projects/ schemes/ legislation that impact upon the whole council.	<p>Such as:</p> <ul style="list-style-type: none"> <li>• City Deal;</li> <li>• Change Programme;</li> <li>• Fairness Equalities and Impact Assessments;</li> <li>• Welsh Language Scheme;</li> <li>• Wellbeing of Future Generations Act;</li> <li>• Corporate Assessment;</li> <li>• Public Engagement;</li> <li>• Risk Register</li> <li>• Performance Management Framework;</li> </ul>
Scrutiny of Corporate plans, strategies and frameworks	<ul style="list-style-type: none"> <li>• Consultation on Corporate strategies, plans and frameworks;</li> </ul> <p style="margin-left: 40px;">Such as</p> <ul style="list-style-type: none"> <li>- Corporate Plan;</li> <li>- Strategic Equalities Plan;</li> <li>- Director of Social Services Annual Report;</li> </ul>
Consider the Draft Budget Proposals and coordinate the response from Scrutiny on the draft budget proposals.	<ul style="list-style-type: none"> <li>• Consider the draft Budget Proposals from a strategic point of view.</li> <li>• Coordinate the comments from the Performance Scrutiny Committees on the budget proposals and ensure that there is no duplication within the comments;</li> <li>• Consider the effectiveness of the budget process, and the public engagement process.</li> </ul>
Manages Scrutiny Member Training	<ul style="list-style-type: none"> <li>• Ensure adequate training is available for scrutiny members;</li> <li>• Identify any training needs of scrutiny members;</li> <li>• Manage Scrutiny Seminar list.</li> </ul>
Approve and monitor the Scrutiny Annual Report	<ul style="list-style-type: none"> <li>• Consider improvements that should be made within the scrutiny process;</li> <li>• Approve the Scrutiny Annual Report;</li> <li>• Monitor the implementation of the actions within the Annual Report.</li> </ul>
Recommendations monitoring on Scrutiny Recommendations resulting from reviews	<ul style="list-style-type: none"> <li>• Undertake regular monitoring of recommendations made by Scrutiny;</li> <li>• Ensure that recommendations have been implemented appropriately;</li> <li>• Assess the extent to which the intended outcome has been achieved;</li> <li>• Determine if further work/ investigation/review is required following the initial recommendation.</li> </ul>
Coordinate the programme for the Performance Scrutiny Committees	<ul style="list-style-type: none"> <li>• Receive the meeting schedule, minutes from the Performance Scrutiny Committees and receive updates on the implementation of the work programmes;</li> </ul>

## Appendix 1 – Proposed Terms of Reference

### Performance Scrutiny Committee - People / Performance Scrutiny Committee – Place and Corporate

#### Holding the Executive to Account for its performance within the relevant Directorate(s)

Three broad areas: *Performance , Budget and Risk*

#### Monitoring of performance, focusing on:

- Achievement of outcomes and actions within service plans;
- Scrutinising progress in improvements to areas of poor performance;
- Assessing the extent to which performance objectives are contributing to the overall objectives and priorities of the Council.
- Assessing the extent to which performance is in keeping with the performance management strategy;

#### Budget Monitoring

- Scrutinising variances in budget;
- Assessing the extent to which performance is being achieved within budget;
- Reviewing the outcomes and the delivery of agreed savings plans;

#### Budget Proposals

- Scrutinising of Service specific proposals a part of the budget consultation process;
- Assessing the anticipated impact of the budget proposals on services, performance, service users, partnerships and staffing levels;
- Considering the contribution of the budget proposals to the achievement of corporate priorities and objectives;
- Consideration the budget proposals within the context of the wellbeing of future generations, fairness and equalities impact, sustainability, partnership arrangements and the efficiency agenda;
- Consideration of the extent to which savings form part of a coherent strategy supported by appropriate evidence for decision making.

#### Risk

- Monitoring areas of high risk and assessing the effectiveness of actions to mitigate these risks.

To advise the Overview and Scrutiny Management Committee of its work programme and its on going implementation.

To undertake detailed examination or review of service area performance where necessary.

Monitor the implementation of any recommendations made to the Cabinet in relation to the performance of the service area.

## Appendix 1 – Proposed Terms of Reference

### Performance Scrutiny Committee - Partnerships

#### **Holding the Public Services Board to account for their performance.**

- As the designated Scrutiny Committee for the PSB:
  - a) review or scrutinise the decisions made or actions taken by the Board;
  - b) review or scrutinise the Board's governance arrangements;
  - c) make reports or recommendations to the Board regarding its functions or governance arrangements;
  - d) consider matters relating to the Board as the Welsh Ministers may refer to it and report to the Welsh Ministers accordingly;
  - e) carry out other functions in relation to the Board that are imposed on it by the Act.
- Maintain a proactive and positive relationship with the PSB;
- Monitor the performance of the PSB against partnership plans and priorities as part of the performance cycle;
- To ensure democratic accountability and scrutinise the work of the Board;
- Use existing legislative powers as necessary to put in place joint arrangements, including 'co-opting' persons who are not members of the authority to sit on the committee as required.

#### **Key considerations:**

- Performance of the PSB against agreed objectives;
- Effectiveness of governance arrangements, including budget management, consultation arrangements, procurement procedures, risk management, performance management and accountability arrangements.
- Scrutinising the contribution of the Council to the partnership;
- Evaluating the overall effectiveness of the partnership;
- Ensuing public engagement and citizen focused partnerships and strategies.
- Undertake formal consultation on key documents as required.

Monitor the implementation of any recommendations made to the PSB in relation to the performance of the service area.

Forward any recommendations made to the PSB to the Minister / Future Generations Commissioner

#### **Holding partnerships to account for their performance.**

To include - EAS, Newport Live, Norse, SRS and Joint Commissioning arrangements

- Performance of the partners against agreed objectives;
- Effectiveness of governance structures;
- Undertake formal consultation on key documents as required.

#### **Scrutiny of community safety issues and associated partnerships: Designated Committee for Crime and Disorder**

- To consider Councillor Calls for Action (CCfA) that arise through the council's agreed CCfA process;
- To consider actions undertaken by the responsible authorities on the CSP.

Monitor the implementation of any recommendations made to the any of the Partnerships.

To advise the Overview and Scrutiny Management Committee of its work programme and its on-going implementation