



Council Overview Board
6 July 2016

Scrutiny in a New Environment

Purpose of the report: Policy Development and Review

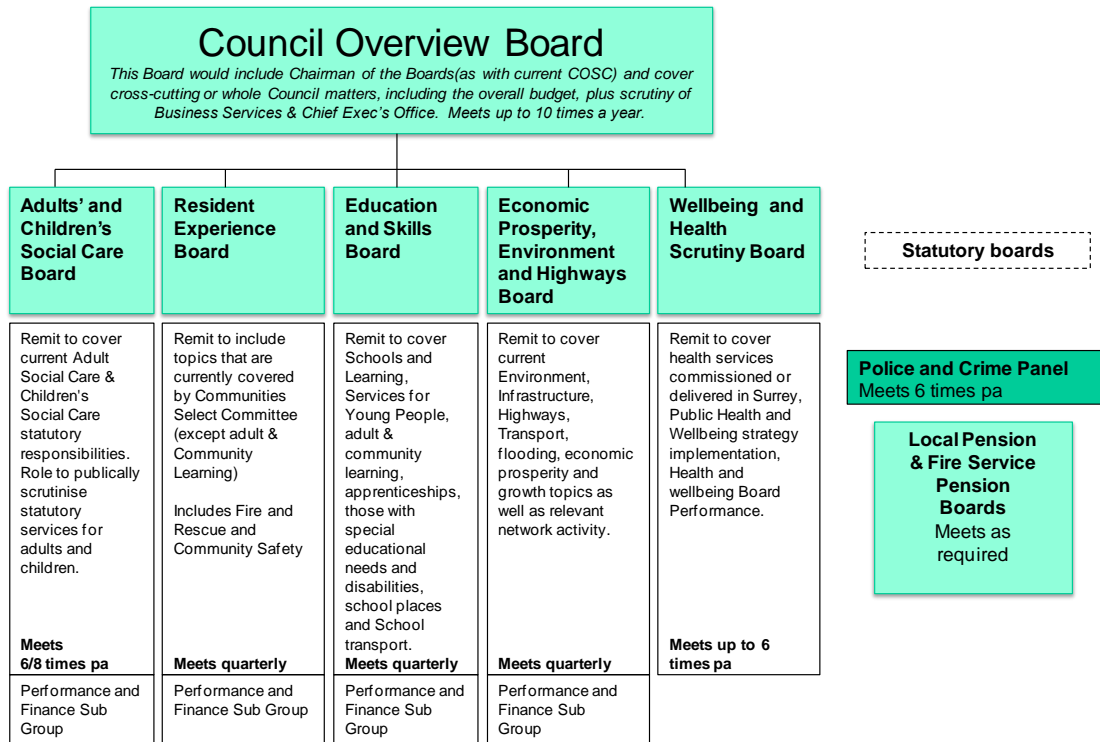
The financial, policy and decision making landscape of local government is changing rapidly, and overview and scrutiny committees must be able to meet the challenges of scrutinising key issues in this new environment.

Introduction

1. As the political and economic landscape has evolved over the last two Parliaments, so too have the challenges for local government overview and scrutiny committees.
2. In Surrey, the Council has reacted to the difficult financial situation and changing role of local authorities by implementing a number of profound changes to service delivery and new initiatives from trading companies and partnerships with other local authorities to commercial investment in property.
3. Recent scrutiny items at the Council Overview Board on the Investment Strategy and the Shareholder Board's Annual Report, as well as the varied experience of Scrutiny Boards in the budget process during 2015/2016, has led to questions being asked of governance and accountability arrangements in this new environment for local government.

Scrutiny at Surrey County Council in 2016

4. Local government overview and scrutiny responsibilities are set out in legislation, namely the Localism Act 2011. The Constitution of Surrey County Council describes the operation of overview and scrutiny in the authority. This can be seen in the diagram below:



It is proposed that the Boards would meet in public for scrutiny, and supplement this with further work in private task groups/witness sessions (up to 4 informal meetings per year) – which would then be reported back to Committee in public. The Task Groups could be scoped across review group/committee remits. COSB to commission any task groups, determining the remit and scheduling.

5. How do we carry out scrutiny currently?

<p>Holding the Cabinet to account</p> <ul style="list-style-type: none"> Call-in powers Monitoring the performance of the Cabinet Member Questioning reasons for decisions 	<p>Pre-decision scrutiny</p> <ul style="list-style-type: none"> Asking key questions What's on the Cabinet Forward plan? Has the right evidence been gathered? Have the right people been consulted? Are the reasons for decisions robust? Horizon scanning – what's coming up in terms of policy development, national issues or central government legislation and how should we respond?
<p>Performance monitoring</p> <ul style="list-style-type: none"> Have the decisions made been implemented? How effectively? On time? Did they have the desired impact? Service Performance What's the outcome of service delivery for our residents? 	<p>Policy development</p> <ul style="list-style-type: none"> Working with services to drive improvement Ensuring value for money Innovative approaches to developing policy with service: being involved at an early stage.

Challenges

6. Scrutiny boards are now considering complex financial and policy frameworks and new service delivery methods, and holding decision makers to account where they work in partnership. This report identifies new areas of decision-making for scrutiny and offers a recommendation for further work to ensure the scrutiny function remains fit-for-purpose.
7. These developments mean that a fit-for-purpose scrutiny function is required to ensure effective decisions are taken on behalf of Surrey residents. In its 2015/16 survey, the Centre for Public Scrutiny found a worrying lack of engagement of scrutiny in some councils in future policy development (36% of respondents) and major transformation (22% of respondents)¹.
8. For the Council Overview Board we can identify a number of such areas:

National

- The 3SC devolution bid and deepening Health and Social Care integration. These areas may prompt new models of local accountability as governance arrangements are reviewed
- Strategic changes to Local Government funding: local retention of business rates and the reduction of the Revenue Support Grant to zero
- Provisions of the Localism Act such as the freedom to create Public-Private Partnerships like Orbis, and Local Authority Trading Companies such as Surrey Choices
- Other Central Government policies affecting the role and scope of Local Government such as academisation.

Local

- Budget constraint and planning timelines - early involvement of scrutiny boards and access to information
 - Scrutiny of negotiation and 'deal making'. Individual Cabinet Member- or Officer-led processes with limited oversight
 - The Council's Shareholder Board and Investment Advisory Board - robust scrutiny and oversight is required over often large sums of public money being invested in property and commercial developments
 - The Public Value Transformation programme
9. The Local Government Association (LGA) and Centre for Public Scrutiny (CfPS) have published various reports that outline principles of involvement, transparency and accountability that are crucial to ensuring good scrutiny of these key issues.

¹ Centre for Public Scrutiny, Annual Survey of Overview and Scrutiny in Local Government 2014/15, available at <http://www.cfps.org.uk/wp-content/uploads/Annual-Survey-2014-2015.pdf>

These can be summarised as:

- Clear decision-making based on a robust evidence base
- Public involvement to provide local insight (this is the role Scrutiny Boards can and do play)
- Scrutiny Boards acting as a 'critical friend' to appraise and develop policy options
- A shared commitment to scrutiny with agreement that it is a balance between collaboration and challenge

10. The structures of other county and unitary councils have been reviewed, and none of Surrey's neighbouring authorities has significantly adapted the structure of its scrutiny function to meet the challenges outlined above. Most retain policy-specific bodies (eg for children and adult's social care and health), complemented by a group similar to the Council Overview Board which covers corporate services and co-ordinates council-wide scrutiny.

11. The Council Overview Board is asked to consider whether the Council's current scrutiny arrangements are capable of meeting the challenges outlined in this report. If considered appropriate, a cross-party task group could be formed to investigate the preparedness of the Council's scrutiny function to meet the challenges outlined and to recommend, if felt necessary, changes to the current arrangements.

Recommendation

That the Council Overview Board considers whether the Council's current scrutiny arrangements are capable of meeting the challenges of scrutinising complex financial and policy frameworks, new service delivery methods and holding decision makers to account where they act in partnership, and decides whether further work on the Council's scrutiny arrangements is required.

Next steps

To be determined following the outcome of the discussion.

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Sources/background papers:

Centre for Public Scrutiny, Annual Survey of Overview and Scrutiny In Local Government 2014/15, <http://www.cfps.org.uk/wp-content/uploads/Annual-Survey-2014-2015.pdf>

Local Government Association, DevoNext resources hub, <http://www.local.gov.uk/devolution>