

COUNCIL OVERVIEW BOARD

Item under consideration: **SCRUTINY IN A NEW ENVIRONMENT TASK GROUP RECOMMENDATIONS**

Date Considered: 1 March 2017

- 1 At its meeting on 1 March 2017 the Council Overview Board considered the report of the Scrutiny in a new environment task group. Members of the Board debated the recommendations and they were amended and agreed as presented in this report.
- 2 The task group was set up in response to difficulties identified by the Council Overview Board in scrutinising emerging models of service delivery, partnerships with other public sector bodies and the council's commercial activities.
- 3 The group met with the Director of Legal & Cultural Services, the Chief Executive and the Leader of the council. Over the course of their investigations the group clarified the circumstances when Members can access information and questioned the existing arrangements for scrutinising local authority trading companies.
- 4 To undertake effective scrutiny of the council's wholly owned trading companies or those where it has a controlling stake the group felt it was important for all relevant scrutiny boards to be able to call the chief executives and directors of these companies to answer questions and give evidence at public meetings. The current arrangements do not allow for this or for the Council Overview Board to fulfil its existing constitutional role to, "review the performance of and hold to account any trading companies established by the Council."
- 5 Related to this the task group concluded that scrutiny boards who are reviewing the performance of a commissioned service such as one provided by a local authority trading company (e.g. Surrey Choices) should be able to consider financial information. Currently, this is the sole reserve of the Council Overview Board when holding the Shareholder Board to account. The task group feel that financial information is necessary alongside other contractual key performance indicators to allow scrutiny boards to appraise a local authority trading company's competence.
- 6 The group recognise the financial hardships faced by the council and the role that the Investment Strategy has to play in mitigating this. The group do not feel that the current oversight arrangements are sufficient particularly when considering the sums of money involved in the strategy. As a result the group recommends enhanced reporting mechanisms to the Shareholder Board and regular, in-depth oversight from the Cabinet.

Recommendations:

That Cabinet review:

- a) the terms of reference for the Shareholder Board and consider the inclusion of a mechanism for tracking the performance of individual investments, and specifically the Property Investment Portfolio.
- b) the terms of reference for the Shareholder Board and consider the requirement that it report regularly, at least annually, to Cabinet on the performance of individual investments - and specifically the Property Investment Portfolio held by the Council - including with reference to each original business case and the Investment Strategy stated aims.

Future scrutiny role and Constitution changes

- c) Annual reviews of the Shareholder Board (including a review of each LATC's performance) in the context of the Investment Strategy should be undertaken by the Council Overview Board in line with the constitution.
- d) Following this report the Constitution of Surrey County Council should be explicit in permitting the Council Overview Board to require Directors and Chief Executives of wholly owned LATCs (or trading companies where the Council has a controlling interest) to attend as witnesses to programmed agenda items to allow COB to fulfil its existing constitutional role to "review the performance of and hold to account any trading companies established by the Council."
- e) The Council Overview Board recommends that Scrutiny Boards consider conducting enquiries on proposals to commission services from wholly owned LATCs, at the initial stage when the business case is formulated. Long-term, once contracts are awarded, the boards should consider incorporating in their programme of work regular overview and scrutiny of service delivery.
- f) To carry out this work Scrutiny Boards should also be given the role to review the performance of trading companies that deliver relevant services under their remit. As above, the Constitution should be explicit in permitting Scrutiny Boards to access company financial information as part of their enquiries and to require Directors and Chief Executives of wholly owned LATCs (or trading companies where the Council has a controlling interest) to attend as witnesses to programmed agenda items.

STEVE COSSER

Chairman of the Council Overview Board