

## **CABINET RESPONSE TO COUNCIL OVERVIEW BOARD**

### **SCRUTINY IN A NEW ENVIRONMENT TASK GROUP RECOMMENDATIONS (Considered by the Council Overview Board on 1 March 2017)**

#### **COMMITTEE 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.

#### **RESPONSE:**

The Cabinet would like to thank COB for their recommendations and for their work in reviewing the role of scrutiny in new models of delivery.

The council's investment portfolio is managed by the Investment Advisory Board rather than the Shareholder Board since the portfolio is the combination of assets held by the council and assets held by the council's wholly owned Property Company.

The investment performance is reported each month to Cabinet as part of the financial monitoring report. The Cabinet are considering a paper at their meeting today which includes an update to the terms of reference for the Investment Advisory Board, which will become known as the Investment Board. If approved the Investment Board will produce an annual performance report for the consideration of Cabinet and for the purposes of scrutiny.

The Committee will be aware that the Shareholder Board have produced two annual reports, in 2015 and 2016, which have been considered by Cabinet and scrutinised by COB. A further annual report will be provided in June 2017 which will provide comment about performance compared to expectations.

The Shareholder Board will continue to make information and its members available for attendance at COB meetings in order to aid its scrutiny role and will support reasonable requests from COB for the attendance of appropriate company officers to provide information to COB, however a change to COB's terms of reference would be a matter for Council rather than Cabinet.

**David Hodge**  
**Leader of the Council**  
**28 March 2017**