

Title: Scrutiny Arrangements

Lead Officer: Graham Leach, Head of Governance & Deputy Monitoring Officer, 01926 456114 and graham.leach@warwickdc.gov.uk

Portfolio Holder: Councillor Davison

Wards of the District directly affected: None

<b>Approvals required</b>	<b>Date</b>	<b>Name</b>
<b>Portfolio Holder</b>	N/A	Ian Davison
<b>Finance</b>	28/7/23	Alex Elston
<b>Legal Services</b>		
<b>Chief Executive</b>		Chris Elliott
<b>Programme Director Climate Change</b>	28/7/23	Dave Barber
<b>Head of Service(s)</b>	28/7/23	Graham Leach
<b>Section 151 Officer</b>		Andrew Rollins
<b>Monitoring Officer</b>	28/7/23	Andrew Jones
<b>Leadership Co-ordination Group</b>	N/A	
<b>Final decision by this Committee or rec to another Cttee / Council?</b>	Yes	
<b>Contrary to Policy / Budget framework?</b>	No	
<b>Does this report contain exempt info/Confidential? If so, which paragraph(s)?</b>	No	
<b>Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?</b>	No	
<b>Accessibility Checked?</b>	Yes	

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## Summary

The report informs the Committee of the current Scrutiny arrangements at Warwick District Council and provides an opportunity for the Committee to reflect on these including the capacity of the Committee.

## Recommendations

- (1) That the Overview & Scrutiny Committee notes the report and its Appendices.
  - (2) That a further report is brought back to the Committee in January 2024 to enable the Committee to bring forward any changes.
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### 1 Reasons for the Recommendation

- 1.1 In May 2022, the Council agreed to move to a single Scrutiny Committee. This was a change from previous years where the Council had two Scrutiny Committees (one of which also acted as the Council's Audit committee). The two Committees undertook the scrutiny function from different perspectives.
- 1.2 The remit of the Overview and Scrutiny Committee, before May 2022, was to review items to be considered by the Cabinet, to review past decisions, policy development, health and wellbeing issues, specific issues and problems within any service area. It was also able to scrutinise any other matter not otherwise delegated to the Finance and Audit Scrutiny Committee.
- 1.3 The remit of the Finance and Audit Scrutiny Committee, before it was disbanded, was to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, issues of an audit nature and to oversee the financial reporting process. The Finance and Audit Scrutiny Committee would:
  - Review the robustness of business cases
  - Promote value for money and good procurement practice
  - Make recommendations on good financial management practices
  - Keep the treasury management performance under review
  - Approve the Statement of Accounts in accordance with regulation 10 of the Accounts and Audit Regulations 2003
  - Review specific Cabinet items and past decisions.
- 1.4 The remit of the Finance & Audit Scrutiny Committee covered a number of areas that are the responsibility of an Audit Committee role rather than scrutiny function. While there will always be some overlap between the work of Scrutiny Committees and the Audit Committee, it is advised against them being a single Committee. This is advised against by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and Centre for Governance & Scrutiny (CfGS).
- 1.5 The approach of combining the Audit Committee with an Overview & Scrutiny Committee risks conflicts of interest, spreading resources too thinly and losing clarity over both audit and scrutiny committees' important statutory functions. Both functions require distinct support and should be able to operate effectively

independently. This aside, because the functions relate to similar areas, there will be matters of common interest where it makes sense to collaborate. Some examples are areas around mindset and culture, securing good governance risk, value for money and wider policy issues (including the impact of council strategy and financial management). The example provided is that Scrutiny is there to ask are we doing the right things and Audit is to ask are we doing it right.

1.6 As a result, for the municipal year 2022/2023, Council approved a new structure around its Scrutiny function, with the Overview & Scrutiny Committee's remit being changed, to add scrutiny of finances as well, and the creation of a new Audit & Standards Committee.

1.7 The close working relationship between these two Committees should be delivered through regular dialogue between the Chairs, who should look at sharing information and areas the respective Committees may wish to look at. At present, there is a strong working relationship between the Chair of the Audit & Standards Committee and Overview & Scrutiny and this is an area that officers will continue to support into the municipal year, including ensuring they are invited to the others' briefings prior to their Committee meetings.

1.8 In respect of capacity of the Overview & Scrutiny Committee up to April 2023, the Committee had considered the following at their meetings:

Year	Meetings	Scrutiny reports	Cabinet reports considered
19/20	10	19	20
20/21	9	9	20
21/22	8	15	20
22/23	11	19*	36

\*This includes three Treasury Management reports that now fall to Audit & Standards Committee

NB: The Committee do review all Cabinet reports; the ones listed above are the ones that are debated at their meeting.

1.9 In addition to this, the Finance & Audit Scrutiny Committee had considered 82 Cabinet reports between May 2019 and May 2022 over 28 meetings (just under three Cabinet items per meeting). The number being considered had reduced with the introduction of the Overview & Scrutiny Committee Procedure rule 21, as set out at Appendix 1 to the report. It should also be noted that from the Cabinet items considered, 58 were simply noted or supported, 26 had comments provided and in only in six cases were recommendations made to the Cabinet.

1.10 Councillors will be aware of the introduction of pre-scrutiny questions, the answers to which are available via the website. These have helped to further focus and enhance debates at Committee. This has also reduced the number of Cabinet items being considered as simpler queries are answered outside of the formal Committee meeting.

1.11 This aside, concern has been raised by Councillors and Senior Officers that some key strategic financial reports were not receiving robust scrutiny due to lack of time and capacity at the meeting.

- 1.12 The Overview & Scrutiny Committee considered these points and came to the view that in order to provide additional capacity within Overview & Scrutiny Committee meetings, before Cabinet meetings, the most sustainable approach would be to have four additional meetings a year which would solely focus on reports to the Committee and not on Cabinet matters, therein creating more capacity at meetings of Scrutiny the night before Cabinet.
- 1.13 In addition to this, the Council has created the Budget Review Group which is composed of representatives from both the Audit & Standards Committee and Overview & Scrutiny Committee, with a representative of each political group from both Committees.
- 1.14 The use of this Group has a number of benefits through sharing skills and knowledge across the Committees, while allowing focus on specific topics. Its terms of reference have been produced and are set out at Appendix 2 to the report.
- 1.15 That said, the Overview & Scrutiny Committee did raise concerns on capacity and scope of its remit of work, set out in an extract of the Committee's end of Term report at Appendix 3 to this report.
- 1.16 Prior to the elections, Councillors had raised concerns about the level of training received in respect of local government finance and more specifically, understanding Warwick District Council finances. This is considered a particularly important area for Councillors to understand, due to their legal responsibilities in respect of the over £100million a year that the Council is responsible for.
- 1.17 As a result of this concern, Warwick District Council agreed that Finance training would be one of the mandatory training sessions for all Councillors after the election. The first session of this was intended to provide a basic understanding of local government finance which is complex and is required to follow many specific working practices which are different to private practice. The first session for this took place in June and 20 Councillors attended. Additional dates are being arranged to enable the remaining 24 Councillors to attend this training.
- 1.18 In July 2023, the Head of Finance and Head of Governance met with the Portfolio Holder for Resources, Chair of Overview & Scrutiny Committee and Chair of Audit & Standards Committee to discuss wider training on finance for Councillors. This approach is set out at Appendix 4 to the report.
- 1.19 In addition to these courses, all new Councillors will be provided details of further information they can access and read, for example, the supporting documents to this report and reminded of the Councillor hub on [www.local.gov.uk](http://www.local.gov.uk) .

## **2 Alternative Options**

- 2.1 At this stage no alternatives were considered as the report is intend to provide a discussion point for the Committee.

## **3 Legal Implications**

- 3.1 There are no specific legal implications of the report and the proposals comply with the relevant aspects of legislation.

## **4 Financial**

- 4.1 There are no direct financial implications of the proposals within his report.

## **5 Business Strategy**

5.1 Warwick District Council has adopted a Business Strategy which sets out key areas for service delivery. This proposal responds to two of those proposals in respect of Maintain or Improve Services and Firm Financial Footing over the Longer Term.

5.2 In respect of both of these points, these decisions are being brought forward to provide more robust scrutiny in proposals that come forward to provide assurance to the public on the approaches being taken by the Council.

## **6 Environmental/Climate Change Implications**

6.1 There will be no direct implications from this report in on the environment.

## **7 Analysis of the effects on Equality**

7.1 It is not considered that an equality impact assessment needs to be undertaken for these proposals.

## **8 Data Protection**

8.1 There is no change in the handling of personal data as a result of these proposals.

## **9 Health and Wellbeing**

9.1 There are no direct health and wellbeing implications as a result of these proposals.

## **10 Risk Assessment**

10.1 There are no direct risks associated with this report, however the Committee needs to have confidence that it has appropriate resource to provide good scrutiny for the Council.

## **11 Consultation**

11.1 Discussions have taken place with the Chair of the Overview & Scrutiny Committee who is supportive of the proposal.

**Background papers:** None

**Supporting documents:**

[Centre for Governance & Scrutiny Practitioners Guide](#)

[Centre for Governance & Scrutiny – Audit Committees and Scrutiny: working together](#)

[LGA Councillor workbook: Scrutiny of finance](#)

[Centre for Governance & Scrutiny & CIPFA Financial Scrutiny/practice guide](#)

[LGA a Councillor workbook on scrutiny](#)

[Warwick District Council Cabinet 20 April 2022 – Item 06 Amendments to the Constitution](#)

[MHCLG – Statutory Guidance on Overview & Scrutiny in Local and Combined Authorities](#)

**Overview & Scrutiny Committee Procedure rule 21**

1. We encourage all members to ask questions about issues that either affect residents or in which they have an interest. Scrutiny is not the only way to do this and members should feel free to raise questions with portfolio holders at any time.
  
2. Scrutiny committees will consider issues that have due significance with reference to the following criteria:
  - a) The number of residents impacted and the significance of that impact.
  - b) The amount of spend involved.
  - c) It concerns a strategic priority of the Council or key project.
  
3. Scrutiny committees should only consider items where there is a tangible reason to do so. This should broadly fit into one of the following criteria:
  - a) Where there are concerns about the basis for a recommendation e.g. the data that had led to the recommendation is deficient, or new data or information deemed material to forming a view on the item has been provided too late for a written question and answer to be circulated before the meeting, or members are aware of contradictory evidence.
  - b) There is an alternative policy, development or direction which needs to be explored.
  
4. Reasons for any request for scrutiny to consider an item should be clearly stated based on the approach outlined above.
  
5. Where the Chair of the Scrutiny Committee considers the criteria is not met, they can either ask for clarification from the Councillor and, if they remain unsatisfied, decline the request for the item to be considered

**Terms of Reference Budget Review Group**  
(adopted by Council 27 February 2023)

The Group will meet the evening before Cabinet and will be responsible for reviewing the following papers:

Annual Fees & Charges

Setting of the General Fund Budget

Setting of the Housing Revenue Account (HRA)

Annual Treasury Management Strategy (if it is reported to Cabinet in February)

Their purpose will be to review the reports and pass comment on the strategic financial robustness of them.

The reports will be subject to pre meeting questions process as used for all Cabinet papers.

The Group will be composed of a Councillor from each Political group on the Council from each of the Audit & Standards and Overview & Scrutiny committee.

The Chairs of the respective Committees must be on the group but will form the representative of their Group from the respective Committee

The Leader of the Cabinet will permit the Chair of this meeting to represent the views of the Group in line with the rights provided to the Chair of the Overview & Scrutiny Committee

## **Chair's Introduction**

I'd like to start this year's report by thanking all the officers who have supported the Committee over the last twelve months. This includes all those who've come and presented to us along with portfolio holders but it's only right to pay particular thanks to Lesley Dury, Graham Leach and Andy Jones. All three have been invaluable to me in supporting the functioning of the Committee but also with the occasional helpful steer when needed.

I'd also like to thank all the Members of the Committee. It's been a hard year at times with the expanded remit of the Committee and they have continued to do a good job of scrutinising the work of the Council in a way that is appropriate, respectful but most of all helps improve things for our residents. This goes for Members of all party groups, and the willingness of Members to challenge constructively, regardless of party, only strengthens the work of the Committee and shows that scrutiny is most effective when divorced from party-politics. This is evidenced by the 11 recommendations that have been accepted by Cabinet as a result of work by the Committee.

Having attended the Joint Cabinet on a number of occasions it is obvious that not all Councils welcome comments from scrutiny committees and in this regard, I think we are managing to find the right balance to speak on behalf of our residents.

In pulling together this report I invited all Members of the Committee to share their thoughts on how we have worked and what could be made better in the future in order to benefit the next administration. These comments fell into three main categories:

- 1.) The breadth and volume of what we deal with as a committee makes it difficult to deal with issues to the level of detail required.

Over the last twelve months, particularly with the dissolution of Finance & Audit Scrutiny, the breadth of the Committee's remit has increased significantly. The ability of Councillors to ask targeted, direct questions has helped to keep the length of meetings within manageable bounds but with the level of detail we are reviewing there is a point at which scrutiny becomes ineffective.

The volume of Cabinet activity has also meant that we have been able to spend less time on our own proactive agenda, thus reducing the benefit that we provide to residents. This will be somewhat addressed by the introduction of additional meetings, but it does mean that being a Member of the Scrutiny Committee is one of the largest workloads a Councillor can take on.

- 2.) Cabinet reports need to be better organised to enable effective scrutiny.

As Chair I've witnessed improvements in the way that Cabinet reports are presented and written over the last three years. However, there is still room for improvement.

Members still receive reports which whilst comprehensive are overly long and often include detail which isn't really needed for the Committee. We see examples of changes to standard policies where the changes aren't made clear and the only way to identify the papers is by a 'compare and contrast'. There is



also a need to show how data and insight are being used to translate into and inform future policy in a clear and obvious way, rather than the two feeling unconnected.

3.) Effective scrutiny of the Council's finances needs specialist skill.

The finances of the Council are a complex matter for many people to understand and since taking this within our remit we have not had the specific training support that we have requested. This is a significant risk for the Council and potentially for the residents that we serve and needs urgent addressing. Members have worked hard on trying to give financial matters effective scrutiny but even with all our best efforts there are gaps which need closing.

Despite the challenges that the Committee has faced I have enjoyed my third year as Chair. With a new administration coming into being in May, and new Members as part of that, it's important that these issues are addressed quickly in order to ensure the future effectiveness of the Scrutiny function.

Councillor Andrew Milton  
Chair, Overview & Scrutiny Committee

**Finance Training**

1. Complete mandatory basic finance training for 24 Councillors who did not attend – ensure outline of course shared with those who need to attend and reason why (i.e. Council agreed this is mandatory) – Date TBC This will be an evening session via Teams. Likely to be early September due to summer holidays.
2. Arrange a second HRA training date and promote importance of attending – Date TBC This will be an evening session via Teams. Likely to be early September due to summer holidays.
3. Basics of Treasury Management (TM) and to scrutinise it – Finance to arrange with Link lead by the Principal Accountant – Date TBC This will be an evening session via Teams. Likely to be early autumn but well in advance of the Budget & TM report drafts.
4. Civic & Committee Services to seek training for Scrutiny on finances on What could go wrong, consequences of it going wrong, warning signs it is going wrong and what do we do if it goes wrong) – Contact CIPFA, CFGS, LGIU seeking a costed proposal for this.
5. Head of Finance (and team) to deliver bite size sessions on (1) fees and charges (how this relates to the budget and assumptions), (2) overall Budget of briefing on this process (3) (added after LCG this week) reserves and what they are –Sessions in early September on this will be delivered to members. Likely these 3 elements will be done as one smaller session (less than 1 hour), and likely to be scheduled for 2 sessions to ensure increased reach.
6. Head of Finance to share budget timetable in early September with all Councillors when passed to officers.
7. Civic & Committee to send weekly email on mtgs and training for next two weeks to help remind Cllrs (LCG supported this as well on 24/7/23)