

Overview and Scrutiny Committee

Excerpt from the minutes of the meeting held on Tuesday 7 February 2023 in the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Milton (Chair); Councillors Ashford, Barton, Cullinan, J Dearing, Jacques, King, Kohler, Leigh-Hunt, Redford and Syson.

Also Present: Councillor Hales – Deputy Leader and Portfolio Holder for Resources, Councillor Mangat, Councillor Matecki – Portfolio Holder for Housing & Assets, and Councillor Tracey – Portfolio Holder for Transformation.

57. **Apologies and Substitutes**

(a) An apology for absence was received from Councillor A Dearing.

(b) Councillor Ashford substituted for Councillor Noone.

58. **Declarations of Interest**

There were no declarations of interest made.

65. **Revisions to Scrutiny Arrangements**

The Committee considered a report which brought forward changes to the Scrutiny arrangements for the Council in recognition of the concerns that had been raised by the Overview & Scrutiny Committee, the Monitoring Officer and the Section 151 Officer.

In May 2022, the Council agreed to move to a single Scrutiny Committee. This was a change from previous years when 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.

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.

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 consider if it affected the Authority's exposure to risk and weakened 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 10f of the Accounts and Audit Regulations 2003; and
- review specific Cabinet items and past decisions.

The remit of the Finance & Audit Scrutiny Committee covered a number of areas that were the responsibility of an Audit Committee role rather than scrutiny function. While there would always be some overlap between the work of Scrutiny Committees and the Audit Committee, it was advised against them being a single Committee by both the Chartered Institute of Public Finance and Accountancy (CIPFA) and Centre for Governance & Scrutiny (CfGS).

The approach of combining the Audit Committee with an Overview & Scrutiny Committee risked conflicts of interest, spreading resources too thinly and losing clarity over both audit and scrutiny committees' important statutory functions. Both functions required distinct support and should be able to operate effectively independently. This aside, because the functions related to similar areas, there would be matters of common interest where it made sense to collaborate. Some examples were 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).

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.

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 wished to look at. At present, there was a strong working relationship between the Chair of the Audit & Standards Committee and Overview & Scrutiny and this was an area that officers would continue to support into the next municipal year, including ensuring they would be invited to the other's briefings prior to their Committee meetings.

A system of "pre-scrutiny questions" was introduced and these questions and the respective answers were posted on the Council's website. This allowed more focussed questions to be raised at the Overview & Scrutiny Committee's meetings and also reduced the number of Cabinet reports called in for scrutiny at meetings because simpler queries were answered outside of formal meetings. The introduction of Overview & Scrutiny Committee Procedure rule 21 as set out in Appendix 1 to the report also helped to decrease the number of Cabinet reports being scrutinised at meetings.

Despite this, concern was raised by Councillors and Senior Officers that some key strategic financial reports were not receiving robust scrutiny because of lack of time and capacity at meetings.

After consideration, the Chair of Overview & Scrutiny Committee formed the view that four additional meetings should be added to the timetable of

meetings which would focus solely on reports on the Committee's work programme and not Cabinet matters, thereby creating more capacity to consider Cabinet reports at the meetings of the Committee just prior to a meeting of Cabinet.

The Chair also supported the continuation of the Fees and Charges Review Group and the Budget Review Group, and going forward, both these groups would be known by one title, the Budget Review Group. These groups were made from representatives of both the Overview & Scrutiny Committee and the Audit & Standards Committee, with a representative from each political group from both Committees. Appendix 2 to the report gave proposals for Terms of Reference for this group.

Concerns were also raised by Councillors about the level of training they had received in respect of local government finance, and more specifically, understanding Warwick District Council's finances. It was planned that on 6 June 2023, a training session would be provided to all Councillors covering the basic elements of District Council budgets, with more detailed sessions on both finances and scrutiny provided at appropriate times. This would form part of the proposals to be considered by the Audit & Standards Committee later in February 2023 on a programme of mandatory training for all Councillors.

Members raised a concern that PABs were overlapping and undertaking scrutiny functions that might be better dealt with by the Overview & Scrutiny Committee. PAB meetings were not public and there was not a requirement to publish minutes of meetings. The Chair stated that he would raise this concern again before the new Municipal Year.

In response to questions from Members, the Democratic Services Manager & Deputy Monitoring Officer explained that:

- He would circulate to Members the relevant parts of the Council's Constitution relating to both the Overview & Scrutiny Committee and the Audit & Standards Committee in respect of their roles in the scrutiny of finance and risk.
- The responsibility for organising meetings of PABs was the sole responsibility of the Chairmen of each PAB. He would raise the issue Councillor Ashford had raised about the Planning PAB not having met with the Chair of that PAB and the Portfolio Holder, but it was possible that because the remit of PABs was narrow, there may not yet have been any business to discuss.
- Whilst the scrutiny of Annual Governance Statement fell under the remit of the Audit & Standards Committee, if the Overview & Scrutiny Committee had a concern about the role undertaken by PABs and felt that this should form part of the Annual Governance Statement, this could be notified to the Audit & Standards Committee via the strong working relationship between the Chairs of both Overview & Scrutiny Committee and Audit & Standards. (The Chair of the Overview & Scrutiny Committee informed Members that he saw a draft version of the Annual Governance Statement before it was considered by Audit & Standards Committee. He would ensure the concerns raised would be fed into the process.)

- Various options had been considered when preparing the report because it was recognised that there was such a tight timeframe between the pre-scrutiny questions and the Group meetings. Officers had inadequate time to respond to the questions ahead of Group meetings, and Councillors had inadequate time to digest the responses that had been received. One option considered had been to move the meeting of Cabinet to the following week which would allow more flexibility for when Overview & Scrutiny met. But other considerations in the timetabling of all committee meetings presented an obstacle, such as the need for Planning Committee to meet every four weeks. There were operational considerations that formed a barrier as well because the Town Council also used the Chamber for its meetings. The Democratic Services Manager advised caution and to wait to find out the direction the new Council would wish to take before making any changes to scheduling.
- It was good practice that going forward from the start of the 2023/24 municipal year, the Chairs of both the Overview & Scrutiny Committee and the Audit & Standards Committee would be members of the Budget Review Group whilst they remained in the position of Chair of those committees. They should also represent the seat of their political group on the Budget Review Group to maintain political proportionality.

Resolved that:

- (1) from the municipal year 2023/2024, the Overview & Scrutiny Committee has four additional meetings (once a quarter);
- (2) the remit of the Budget Review Group as set out at Appendix 2 to the report, is supported and, subject to support from the Audit & Standards Committee, is recommended to Council for Annexing to the Constitution, subject to:

the Chairs of both the Overview & Scrutiny Committee and the Audit & Standards Committee being members of the Budget Review Group but will represent the place allocated to their political group to maintain political proportionality; and
- (3) the Chair, Overview & Scrutiny Committee will ensure that the concerns raised by Members on PABs are communicated appropriately and that relevant concerns raised by the Committee are fed into the Annual Governance Statement process prior to its consideration by Audit & Standards Committee.