

LGA Peer Committee Support

North Herts Council

January 2023

Overview & Scrutiny
Finance, Audit and Risk





Background

Following a remote meeting on 13 December 2021 between Anthony Roche and James Mehmed, North Herts Council commissioned the LGA to review the current Overview and Scrutiny Committee (O&S) and the Finance, Audit and Risk Committee (FAR) with the objective of improving both committees' overall impact and effectiveness to ensure they provide good governance and impactful decision making.

Three member peers, representing the political groups of the joint administration and inclusive of the opposition were used to undertake the review together as one team. Member peers were selected by the council for their experience and knowledge with both committees.

The review was requested to commence after the budget planning cycle had concluded circa February - March 2022. Work commenced in April following a scoping meeting to agree the approach to the review and the method of engagement.

Methodology

The methodology for conducting the review was agreed jointly between the council and member peers.

- Agree general approach in an initial scoping meeting (22 April).
- Conduct a desktop review of agreed documents, information and observing video recordings of previous committee meetings (April / May).
- Discuss the initial outcomes of the desktop review with the council as initial feedback and to clarify outstanding questions to inform the review (23 May).
- Member peers to engage in an agreed phase of virtual engagement comprising of one to ones, small groups and focus groups (9 meetings). (June – October).
- For both committees, peers to document observations, insight and make improvement recommendations and send to council for consideration. (Circa Oct / Nov 2022)
- Throughout this review we have been mindful of the four principles of effective overview and scrutiny. Provide constructive 'critical friend challenge', amplify the voices and concerns of the public, be led by independent people who take responsibility for their role and drive improvement in public services.

- The report details feedback and summary points captured during the stakeholder engagement sessions by peers. These points have not been cross-checked for accuracy or factual correctness.

Peer Team

- Cllr Sioned Mair-Richards, Sheffield City Council
- Cllr Michael Headley, Bedford Borough Council
- Cllr Lesley Clarke OBE, Buckinghamshire Council

LGA

- James Mehmed, Senior Regional Advisor

Key Reflections & Observations

Overview & Scrutiny Committee

Strengths:

- Members and officers both share a desire and willingness to see the overview and scrutiny function (O&S) operate more effectively and stated they are prepared to both consider and where agreed implement recommendations from this peer support.
- Strong community engagement through area committees, town talks and citizen panels.
- Outside partnership working was seen to be good.
- O&S committee meetings well attended by officers and portfolio holder when requested to participate.
- Chairing of O&S is conducted in a way that is politically neutral.

Areas for Development:

Engagement

- There are many ways in which the council engages with its communities, e.g. citizens panels. It is unclear how the panels work in conjunction with the O&S process.
- Area committees - there appears to be no information shared with O&S. It was unclear to peers if the information collected from these meetings was used by O&S to assist with their deliberations on the same topics.
- Does the good partnership working assist the O&S committee with their deliberations, are the outcomes / information shared with O&S? When peers asked members if there was any interaction with O&S – the response concluded there is none.
- The community groups and panels are in place to gauge the local community's / interested group/s view/s on various issues or "schematic areas" to assist with "functionality" within the council area/s.
- There appeared to be no understanding by the scrutiny committee concerning benefits groups and panels brought to the council. Thoughts were that it was to communicate with the public and these communications were primarily in place to measure responses to ongoing council policies or issues.
- Cabinet panels to be better linked into the scrutiny process, such as scrutiny having a role in considering the outcomes.
- There was agreement during a peer meeting confirming the cabinet panels did overlap with the function of O&S.
- Consideration is needed to explore whether all the various outside groups and panels are necessary to avoid duplication.
- Consideration should be given to how you ensure all parts of the community can engage with council meetings.
- Is the TOM for scrutiny being effectively used by Overview & Scrutiny and if so, what benefits does it bring? Are there other benefits to the council by using this?

Overview and Scrutiny Committee

Do members and officers really understand O&S and what it can achieve and deliver for the council if used properly?

It is important that the members who attend the O&S committee are well informed on the papers they have in front of them and there is appropriate robust questioning, if required, it appears that this is often left to the chair.

- A suggestion to improve this would be to have a series of questions drawn up between the chair and vice chair along with the lead scrutiny officer in advance of the meeting.
- An alternative approach could involve the chair of the O&S committee to have a pre-meeting, with all members of O&S, to agree who is to ask the questions. This gives the opportunity for the O&S member, themselves, to probe further into matters that then may arise from the various answers received.
- During observed scrutiny committees, questioning techniques were not well developed and can be superficial or aggressive.
- Roles are not clear enough. That is roles for scrutiny members / cabinet members / officers. Sometimes it seems more like a general discussion, rather than accountability for cabinet members. Officers should advise and not therefore be held to account for decisions owned by cabinet members.
- It was not clear who actually determines the agenda items for O&S.
- The cabinet felt that O&S were not considering the cabinet's forward plan and co-ordinating and planning agenda items to review subsequent decisions.
- It would appear that O&S are often given items on their agenda that have yet to be debated or determined by cabinet itself.
- Scrutiny is to both review pre-cabinet decisions and recommend any changes. They need to be cautious not for them to be an integral part of the decision making but to be able to make suggested changes prior to a cabinet decision.
- O&S function is also to scrutinise the decisions made by the cabinet. The O&S request those decisions to come to O&S for scrutiny are reasonable and yet there are examples where they are told that they cannot do this.

- Some members spoken to by peers felt they were perceived by officers as a nuisance; something officers have to put up with. Although this wasn't a universal view.
- Some O&S committee members report that they find it difficult to obtain background information, this point was also a concern and highlighted by a previous corporate peer challenge and appears to continue to be an unresolved issue which could be resolved by a dedicated scrutiny officer.
- A request was made that the O&S meetings should be better spaced across the municipal year, perhaps every 6 weeks rather than the current meeting pattern that is in place.
- Cabinet members in attendance with peers agreed that not all council members fully understand the role of scrutiny and what benefits it can bring to the council as a whole.
- Training for O&S members has recently been delivered. Further consideration should be given to the approach taken supporting members with development and training to ensure a targeted approach enables greater knowledge transfer and ongoing development. It was felt that O&S was not as effective or efficient as it could be and the cabinet agreed that a dedicated officer for scrutiny should be sought.
- Finance scrutiny has been left to FAR and is therefore not as effectively scrutinised as other areas.

Recommendations:

- Define what you want your scrutiny panels to achieve.
- Put into place scrutiny training for the whole council (members and officers) and experiment with how training could be more effective for the 2024 new intake. Ensure all members understand the benefits and role of scrutiny.
- Consider how the provision of all committee development & training can be improved to increase knowledge transfer and support members with ongoing training needs e.g. use of one-to-one coaching, the provision of feedback from live meetings, further training to fill any gaps in knowledge and skills.
- Urgently fund and recruit a dedicated scrutiny officer.

- Members to actively review the forward plan and invitation of cabinet members to attend O&S This could be overcome with a dedicated scrutiny officer in place.
- Proper and effective reporting onwards to council and cabinet by O&S is required.
- Establish clear meeting protocols and associated processes for questioning cabinet members.
- Officers to always facilitate the bringing forward of future agenda items requested by O&S in a timely manner.
- Training in scrutiny questioning skills (KLOE).
- Specific O&S training for the opposition too to encourage effective opposition role. There is specific scrutiny training for groups in opposition to assist with scrutiny work and assists them in being more effective throughout the council.
- Scrutiny needs to actively seek to implement the use of task & finish groups.
- It was observed by some members that the preparation for the special scrutiny meeting on the 'call to account' was beneficial and lessons learnt on how this preparation helped scrutiny should be considered in taking forward scrutiny in the future.

Cabinet

- Cabinet members should consistently and without exception be expected to attend O&S committee meetings where decisions from their area of responsibilities are being scrutinised.
- It should not be for the lead officer to attend in their place, as this shows an indifference to what O&S delivers.
- The scrutiny chair or their representative should attend all cabinet meetings to present scrutiny findings, particularly to enable the thinking and debate around the recommendations to be clearly communicated with the cabinet to maximise the impact scrutiny can have on decisions.

- Whilst it is understood that any recommendations from O&S do not have to be agreed by the cabinet, reasons for rejections should be given.
- Sometimes it is necessary to take urgent decisions and are made by the leader / cabinet members in consultation with the managing director / senior officers. Members of the committee should be reminded that existing procedures permits challenge through the 'call in' process.
- The leader arranges cabinet panels for members to review items coming to cabinet for decision and make recommendations. These panels will include cabinet members and members from across the council, including scrutiny and finance, audit and risk – there is concern that these panels duplicate work that is already within the committee structure for both O&S and FAR.
- There appears to be some confusion with members over who scrutinises finance and the budget process. There is a wide held view that it is FAR, but FAR is not constitutionally an O&S committee.
- Cabinet agreed to a suggestion that it would be more effective to split finance scrutiny from the finance, audit and risk committee, therefore leaving the audit and risk committee with a clearer role accountable to full council.
- There were mixed views on the purpose and role of the political liaison board.
- There was uncertainty why Best Value Reviews been abandoned, yet requests are made for these to happen, particularly high-profile contracts – e.g. Leisure Services, Waste. The cabinet were perplexed that this had not been put into place by O&S as they see it as a useful tool to “deep dive” on issues. However, O&S members felt they did not have the opportunity to use best value reviews.

Lead Officer and Agenda Setting

- The role of scrutiny officer is shared throughout committee services which raises the question concerning where the knowledge of the O&S committee’s working comes from. It appears there is no consistency within the committee services element of the administration of the committee.
- A dedicated officer could lead to positive agenda setting / work planning with the chair and vice chair of O&S and ensure that there was cabinet member involvement.

- The process of considering an O&S agenda item is not well defined and can become a general debate, rather than an accountability mechanism. A clear process could be written to ensure there is a sequence of involvement, respecting roles. e.g. 1) Portfolio holder (PH) presents. 2) PH is questioned. 3) Officer is questioned. 4) Decision / report is debated by scrutiny members. 5) Recommendation is made by scrutiny members.
- Need more proactive agenda setting, for example through an annual workshop to set an initial proactive workplan for the year.
- Scrutiny appears to often come too late in the process to have an effective impact on pre-scrutiny decisions (same report as cabinet) and too early in the process (feeds into cabinet) to be effective at post decision scrutiny holding cabinet to account.
- It has been stated that the agendas for O&S are sent to O&S members without any recourse to the chair – if this is the case then there is likely to be an issue with democratic services understanding the chair’s role, as the chair is the person who ensures members views determine items for debate.
- The officers within democratic services are new to the authority, which may be leading to an imbalance of agenda setting, which should be led by members.
- It is understood that some officers perceive O&S as a means to “catch officers out”.
- There was a concern raised that there was at least one occasion where an officer felt they had been “attacked” at O&S – it is important that meetings are organised and chaired in a way that promotes appropriate behaviour, robust but not discourteous.

Training

- The council was asked to provide details regarding the numbers of members who have attended the original O&S training and detail concerning any follow up of those that did not attend. To date no detail or information has been made available to peers.
- Training for new members is both vital and essential so that the new members do make a positive stance and take part in the scrutiny process.

Recommendations:

- Establish proactive annual programme of work and agenda setting.
- Provide O&S training in chairing skills.
- Training in scrutiny questioning skills (KLOE).
- Ensure the scrutiny committee actively follow up on all recommendations.
- Consideration should be given by the cabinet and portfolio holders on how they can carry out their role in a way that supports scrutiny being able to act as effectively as possible.
- Ensure minutes reflect the decisions of the meeting – e.g. requests for agenda items to be recorded in the minutes and added to the forward plan.
- Cabinet members should consistently and without exception be expected to attend O&S committee meetings where decisions from their area of responsibilities are being scrutinised.
- The scrutiny chair or their representative should attend all cabinet meetings to present scrutiny findings, particularly to enable the thinking and debate around the recommendations to be clearly communicated with the cabinet to maximise the impact scrutiny can have on decisions.
- Where cabinet do not accept an O&S recommendation, reasons should be given.

Finance, Audit and Risk (FAR)

Strengths:

- Financial risks are considered, but only the financial aspects of any other risk.
- FAR is involved in the budget setting process.
- Provides focus for finance trained councillors to specialise.

Areas for Development:

Membership of committees

- Training is given to the FAR membership. Members should have some interest in the committee itself and have a rudimentary understanding of local government finance.

Members should read and understand the papers sent to them in good time ahead of the scrutiny meeting to actively inform their question and scrutiny preparation.

- The finance and IT cabinet member attends the meeting as an observer and is only called upon to respond to any questions that are not fully answered by the lead finance officer.
- All other officers attend meetings virtually, which can cause problems with IT failures. Consideration should be given to attending in person.
- FAR members should actively engage in all skills audits to support the identification of any ongoing training and development requirements, to support members in being effective in their committee role.

Recommendations:

- Ensure a skills audit for all members is conducted at the beginning of the council term as part of the induction process to support groups in making the best appointments to committees.

Meeting Structure

- Consideration should be given for the audit and risk element of this committee to be a committee in its own right.

Risk

At an appropriate point, review the new process for monitoring corporate risks.

- All FAR committee members have access to the council's risk register. It would be timely to remind all members how to access the risk register, whilst reminding them officers are happy to assist as appropriate.
- Clarity is required over who chooses the risks for review that go to FAR and what criteria is used to ensure this process is transparent, clearly understood and objective. The committee should be reminded of the existing processes.
- If the risk management champion is a cabinet member how does FAR committee ensure they are being kept properly informed and updated on the risks they review?
- Risk Implications in the Annual Governance Statement – states: “The risk and opportunities management strategy require the finance audit and risk committee to consider regular report on the council's corporate risk. Failure to provide the committee with regular updates would conflict with the agreed strategy and would mean that the committee could not provide assurance to cabinet that the council's identified corporate risks are being managed.
- In para 7.2 it states that FAR recommended the changes and they were referred on to cabinet and approved – yet they were not mentioned in this agenda item, are the recommendations referred to in the minutes of the meeting of September 2021. Formal reference back should be made.
- All members should be reminded they can access the risk register by contacting democratic services.

Additional Observations

- It was suggested that those prospective FAR committee members should be given a realistic understanding of the workload and role on the committee.
- Finance scrutiny is not being undertaken in a scrutiny committee; this means that some of the holding to account functions are not being carried out in regard to the finance portfolio holder.
- FAR is experiencing a high turnover of members and is not therefore seeing the benefit of being a “specialist” committee.

Recommendations:

- Put into place training for the whole council and experiment with how training could be more effective for the 2024 new intake. Including an introduction to local government finance.
- Consider how the provision of all committee development & training can be improved to increase knowledge transfer and support members with ongoing training needs e.g. use of one-to-one coaching, the provision of feedback from live meetings, further training to fill any gaps in knowledge and skills.
- Split finance scrutiny from audit and risk. The scrutiny of finance should sit with a scrutiny committee rather than in the audit and risk committee.
- After the audit and risk function had been split from the finance (scrutiny) role, the new audit committee should focus on understanding their audit role and undertake a self-assessment of the role of an effective audit committee.
- Enhance the status of a new audit & risk committee.
- Consider an easier way for members to view the risk register.
- Support members with better understanding of the council’s risks.
- Minutes to reflect the decisions of the meeting – i.e. requests for agenda items to be in the minutes and added to the forward plan.
- Conduct a skills audit of all members at induction training to support groups in making appropriate appointments to committees.
- Ensure that every member of the community can easily access information about council meetings.



Next Steps

- Following the review of this document, at your request, peers can be assembled to discuss any aspect of their work to further explain or provide feedback relating to one or both committees as requested.
- The LGA can also advise on further support and training relating to the recommendations made by peers.