

REPORT TO: POLICY AND RESOURCES COMMITTEE – 10 NOVEMBER 2014

REPORT ON: REVIEW OF SCRUTINY ARRANGEMENTS

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 274-2014

1. PURPOSE OF REPORT

To review the arrangements for scrutiny of Council services and make a number of recommendations to demonstrate that the remit of the Scrutiny Committee is being fulfilled.

2. RECOMMENDATIONS

It is recommended that members:

- i) note that scrutiny takes place at many levels within the Council, involving both elected members and chief officers, with the role of the Scrutiny Committee being to strengthen these arrangements
- ii) highlight to the Scrutiny Committee that it has the power to refer any concerns to relevant Service Committees
- iii) note the annual programme of reports which the Scrutiny Committee can expect to receive during the year

3. FINANCIAL IMPLICATIONS

None.

4. BACKGROUND

4.1 In May 2009, the City Council established a Scrutiny Committee with the aim of improving transparency, scrutiny and performance. The intention was that the new Committee would allow for more detailed reviews of policies, action plans and inspection reports and help to improve service delivery. Detailed terms of reference were agreed and it was agreed that the Committee would be chaired by a member of the major opposition group.

4.2 Arrangements for scrutiny were reviewed in June 2010. This review was scheduled to take place a year on from establishment of the Scrutiny Committee, but also followed the Best Value 2 Audit Report issued by Audit Scotland. This report suggested that the changes made in 2009 had not been sufficient to address concerns about scrutiny of decision-making and performance and that the Council needed to ensure it was more transparent, with better discussion of key issues in public meetings.

4.3 In response, the Council agreed a report which, firstly, noted that scrutiny exists at many levels within the Council, involving both elected members and chief officers. Chief officers are responsible for scrutinising the operation of their departments and taking action wherever they believe that services are not being provided in an appropriate way. The work of chief officers is in turn monitored by the Conveners of the various Committees and also by the Council's Committees and Sub-Committees, which all contribute to the work of scrutiny to some degree. The report also noted that the Council sets up Best Value Working Groups to consider the development, delivery, evaluation and monitoring of specific issues on an ad hoc basis, which also help to scrutinise aspects of particular services. Some of these Best Value Groups (e.g. on Housing and Educational Attainment) have continued to meet on an ongoing basis, allowing a continued focus on these important issues. However, the Council also agreed a number of new proposals as part of the review, including:

- a) to give elected members more time to scrutinise reports in detail, the cycle of meetings would be changed from fortnightly to monthly, with agendas and papers being issued earlier than before
- b) to clarify the roles of Committees it was agreed that:

- it is not the role of the Scrutiny Committee to develop policy. That rests with the Service Committees, although the Scrutiny Committee may suggest to a Service Committee that a policy should be reviewed or amended. The Scrutiny Committee is not intended to replace the scrutiny role which Service Committees have in relation to the performance of the services for which they are responsible, but is meant to strengthen the Council's scrutiny arrangements by adding a further tier of scrutiny
 - the scrutiny roles of the Scrutiny Committee, the Improvement and Efficiency Sub-Committee and the Audit and Risk Management Sub-Committee were merged and the terms of reference of the new Committee revised as follows:
 - external reports on service provision would be submitted to Service Committees for consideration (excluding external reports within the revised Terms of Reference of the Scrutiny Committee). The reports and any improvement or action plans would then be referred by the Service Committee to the Scrutiny Committee (excluding reports referred to a Best Value Review Group) for consideration and report back to the Service Committee as appropriate
 - only those external inspection reports on individual schools and establishments which would benefit from scrutiny would be submitted to the Scrutiny Committee and reported back to the relevant Committee as appropriate. It was remitted to the Chief Executive and Convener to determine which reports would benefit from scrutiny and submit individual reports to the Scrutiny Committee as appropriate. Where gradings in external inspection reports were good or better, and would not benefit from in-depth scrutiny, summary scores would be reported together with any best practice to improve performance at other schools or establishments
 - detailed amendments were made to the terms of reference of the Scrutiny Committee to reflect the above. These revised terms of reference are attached at Appendix 1
- c) the Committee would have the power to establish scrutiny panels to review particular subjects which the Chief Executive determined would benefit from scrutiny.

5. REVIEW OF ARRANGEMENTS

- 5.1 The arrangements for scrutiny generally appear to be working well. The meetings of the Scrutiny Committee have seen in-depth discussion on performance, complaints, inspections, accounts, internal and external audit reports and self-assessments using the PSIF model, which have challenged chief officers and departments and contributed to the Council's culture of continuous improvement. Proceedings of the Committee have been extensively reported in the press, aiding transparency. The Committee has also considered reports on national studies carried out by Audit Scotland.
- 5.2 The Annual Audit Report to Members by the Council's External Auditor, for the audit year ending March 2013, said that the Council's arrangements for scrutiny and performance were considered to be maturing, with an appropriate emphasis given to summary or headline reporting on external scrutiny reports and increased attention to internally-generated performance reports. The External Auditor did, however, make recommendations to enhance the arrangements to ensure that the Committee fully demonstrates its remit in the scrutiny of Council performance. In particular, the External Auditor suggested that:
- there is no apparent formal feedback process through which items of service performance which were of concern to the Scrutiny Committee would be reported back to the relevant Service Committee to consider. Members of the Scrutiny Committee do sit on all other Service Committees and the Auditor's discussion with members did not highlight any specific matters of concern in this area. However, it was suggested that consideration should be given as to whether the arrangements for feedback from the Scrutiny Committee in respect of performance matters are sufficiently clearly set out

- there are some areas where it is not clear that the Scrutiny Committee has received reports or considered all aspects of its remit. In the External Auditor’s view, there is scope to enhance the work of the Committee through an annual programme of work. This should set out for members the reports which it can expect to receive throughout the year, to demonstrate that the Committee’s remit in terms of scrutiny of performance is complete. This does not preclude the submission of other reports throughout the year

6 CONCLUSIONS AND RECOMMENDATIONS

6.1 Reports back from Scrutiny Committee to Service Committees

In response to the comments in the External Auditor’s report, it is accepted that more formal evidence is required to demonstrate that this aspect of the Scrutiny Committee’s remit is being fulfilled. It is therefore proposed to highlight to the Scrutiny Committee that it does have the power to refer any concerns to the relevant Service Committees.

6.2 Annual Programme of Reports

It is also accepted that there is a need to demonstrate that the Scrutiny Committee is receiving reports on all aspects of its remit. The Chief Executive, in conjunction with the Director of Corporate Services, Chief Internal Auditor, Risk and Business Continuity Manager and Performance and Improvement Manager, has drawn up an annual programme of reports which the Scrutiny Committee can expect to see during the year, which addresses all aspects of the Committee’s terms of reference. The terms of reference are set out in Appendix 1 and the annual programme of reports in Appendix 2.

7. POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

8. CONSULTATIONS

The Director of Corporate Services and the Head of Democratic and Legal Services have been consulted.

9. BACKGROUND PAPERS

None.

David K Dorward
Chief Executive

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TERMS OF REFERENCE OF SCRUTINY COMMITTEE

- 1 To scrutinise, review and examine reports and action plans relating to service delivery and Council policy referred to the Committee from the City Council, its Committees and Sub-Committees (excluding reports referred to a Best Value Working Group) and report back where necessary.
- 2 Examine and review external inspection reports from HMIE on individual schools or from the Care Commission on individual establishments which would benefit from scrutiny and report back to the relevant service committee as appropriate. Where external inspection reports are good or better and would not benefit from in-depth scrutiny, scores will be reported together with any best practice to improve performance at other schools and establishments.
- 3 To examine the Scottish Public Services Ombudsman's annual report and report back to the relevant Committee as appropriate.
- 4 To review and monitor the Council's complaints system and report back to the relevant Committee as appropriate.
- 5 To review annually the Council's corporate governance arrangements and report back to the Policy and Resources Committee as appropriate.
- 6 To consider any reports by the Standards Commission for Scotland relevant to members of the Council submitted by the Monitoring Officer and thereafter the City Council or relevant Committee as appropriate.
- 7 To consider matters concerning the maintenance and public availability of a Register of Interests for Members and Chief Officers, including any information which might require to be redacted.
- 8 To remit to Scrutiny Panels to review no more than two specific areas at a time identified by the Scrutiny Committee and to report back.
- 9 To monitor the annual programme of Best Value Reviews approved by the Policy and Resources Committee.
- 10 To monitor the Public Performance Report considered by the Policy and Resources Committee.
- 11 To consider and monitor the strategy, plan and performance of the Council's risk management arrangements and seek assurances that action is being taken on risk related issues.
- 12 To consider and monitor the strategy, plan and performance of the Council's Internal Audit Service
- 13 To consider the strategy and plans of the Council's External Auditor.
- 14 To consider internal and external audit reports and seek assurance that appropriate action has been taken
- 15 To monitor the implementation of internal and external audit recommendations agreed with Management.
- 16 To receive the Annual Report of the Chief Internal Auditor.
- 17 To consider and monitor the effectiveness of the Council's anti-fraud and anti-corruption arrangements and receive reports on an exception basis.
- 18 To review the Council's Annual Efficiency Statement.
- 19 To review performance reports.
- 20 To review progress in implementing the Council Plan, Service Plan and the Single Outcome Agreement.
- 21 To consider any item submitted by any member, such item having first been submitted to and agreed by the Chief Executive in consultation with the Convener.

ANNUAL PROGRAMME OF REPORTS TO SCRUTINY COMMITTEE

Below are listed the regular reports which the Scrutiny Committee can expect to receive during the course of each year. In addition, there will be reports as required on topics such as updates on the internal audit annual plan, inspections and reports on national studies, in particular those undertaken by Audit Scotland on behalf of the Accounts Commission.

| Month | Report to be submitted |
|--------------|---|
| February | Internal Audit Reports Audit Strategy Overview and Plan (for Council and Pension Funds) Statutory Return on Performance Indicators PSIF Assessment Report(s) Local Government Benchmarking Framework – Family Group Study on Topic |
| April | Internal Audit Internal Audit Annual Plan Interim Management Report Quarterly Performance Report (third quarter of previous year) PSIF Assessment Report(s) Local Government Benchmarking Framework – Family Group Study on Topic Risk Management Performance Report |
| June | Internal Audit Reports Internal Audit Annual Report and Assurance Statement Quarterly Performance Report (fourth quarter of previous year) Annual Report on Local Government Benchmarking Framework PSIF Assessment Report(s) Local Government Benchmarking Framework – Family Group Study on Topic Annual Self Insured Loss History Report Overview of Local Government in Scotland report by Audit Scotland |
| September | Internal Audit Reports Progress Reviews Accounts and Audit (for Council and Pension Funds) <ul style="list-style-type: none"> - draft Statement of Accounts - draft External Auditor's report - response to External Auditor's report Quarterly Performance Report (first quarter) Statutory Return on Performance Indicators PSIF Assessment Report(s) Local Government Benchmarking Framework – Family Group Study on Topic |
| December | Internal Audit Report PSIF Assessment Report(s) PSIF Annual Summary Report Bi-annual Update on Complaints Local Government Benchmarking Framework – Family Group Study on Topic |