

Standards and Governance Committee



Dorset County Council



Date of Meeting	Standards and Governance Committee – 25 January 2016
<p><u>Lead Councillor</u> Andrew Cattaway Vice-Chairman of the County Council Chairman of the Overview and Scrutiny Task & Finish Group</p> <p><u>Local Members</u> All members</p> <p><u>Lead Director</u> Debbie Ward – Chief Executive</p>	
Subject of Report	Scrutiny Review 2015 – Task & Finish Group Proposals
Executive Summary	<p>At its meeting on 12 November 2015 the County Council considered recommendations from the Standards and Governance Committee which proposed the formation of a Member Task & Finish Group.</p> <p>This Group was tasked with giving specific consideration to the future arrangements and placement of Overview and Scrutiny within the County Council and to make proposals, via the Standards and Governance Committee, to the full Council in February 2016. This decision followed directly from a recent review and member consultation process, which had demonstrated a clear appetite for change.</p> <p>The specific terms of reference which were allocated to the Group were to consider:</p> <ul style="list-style-type: none"> • The mechanisms and working practices of effective scrutiny in the Overview and Scrutiny procedure rules;

- The terms of reference, composition and chairmanship arrangements of a new model;
- Culture change and training of members and officers;

In addition, as a direct consequence of the Groups' deliberations, due consideration and further regard has also been given to the original objectives agreed to support the scrutiny review:

- Whether the "Audit" and "Scrutiny" functions continue as a combined Committee, or "Scrutiny" becomes part of the role of the Overview Committees;
- Where the "Call-in", "Call to Account" and oversight of the "Councillor Call for Action" powers should be allocated;
- Procedures that deal with any member conduct issues
- The necessary training and culture change required to make any changes
- The report production process, to include the drafting and circulation of reports
- The allocation of the Designated Scrutiny Officer function and support for members and the Committee structure.

The Group has now concluded its work. It has formally met on four separate occasions to discuss the various options and alternatives and has arrived at the following key recommendations,

1. That the current arrangements are changed and Committee responsibilities for the 'Audit' and 'Scrutiny' functions are separated.
2. That the future committee structure should be based on the Corporate Plan with Overview and Scrutiny Committees for Economic Growth, People and Communities and Safeguarding, with each of them having responsibility for monitoring a number of specified objectives within it.
3. In addition to existing provisions in the Constitution that the Overview and Scrutiny Committees have the ability to refer matters to the Audit and Governance Committee if there are considered to be any grounds to invoke any of the formal scrutiny processes (e.g. Call in, Call to Account or Councillor Call for Action).
4. That there should be a formal Overview and Scrutiny Management Committee, comprising the Overview and Scrutiny Committee Chairmen and the Chairman of the Audit and Governance Committee.
5. That the Audit function (of the current Audit and Scrutiny Committee) and the Standards and Governance Committees be amalgamated to form a single Audit and Governance Committee (including those responsibilities

previously allocated to the Ad-hoc Accounts Committee), to reduce duplication, following the recommendation from the PwC Review.

6. That the Chairman and Vice-Chairman of the Audit and Governance Committee should be from the second and third largest political parties respectively.
7. That the new Audit and Governance Committee should have responsibility for Call In, Call to Account and the Councillor Call for Action procedure.
8. That any elected member conduct issues be referred to the Chairman of the Council and the Monitoring Officer, with any unresolved issues being considered by a specialist Panel.
9. That any change to the committee structure should be underpinned by training and development for Chairmen, members and supporting officers as this is seen as crucial to its success.
10. That consideration be given to the need for involvement of external bodies in any changes to the committee structure.
11. That officer support is actively considered and identified for each of the new Committees.
12. That the role of designated statutory 'Scrutiny Officer' is confirmed and allocated, in addition to the wider duty of all staff in the council.
13. That the Council determines the number of elected member representatives on each of the new Overview and Scrutiny Committees as either 9, 10 or 11.

In arriving at these recommendations the Task and Finish Group are confident that these offer an innovative, improved and more joined up 'one council' approach to the future working of the Council. The proposals are complementary to the stated outcomes of the Corporate Plan (that Dorset residents are Safe, Healthy and Independent and that Dorset's economy is Prosperous) and will deliver effective and efficient arrangements that will ensure the executive can be held to account.

Furthermore, the Task and Finish Group are also clear in their collective view that, in order to arrive at and ensure a complete view of scrutiny, specific consideration will need to be given to the future role and responsibilities of wider Dorset scrutiny. It is imperative that this is achieved through the joint scrutiny review that is currently being commissioned from

	<p>PricewaterhouseCoopers (PwC) by the Leaders and Chief Executives Group.</p> <p>The Group recommend the consideration and adoption of these proposals by the Standards and Governance Committee and that these are formally considered for subsequent approval by the full Council at its meeting on 11 February.</p>
<p>Impact Assessment:</p>	<p><u>Equalities Impact Assessment:</u> The review of overview, scrutiny and audit arrangements for the Council does not require a brand new policy approach to decision making as the consultation only seeks to refine the functions to strengthen the arrangements already in place.</p>
	<p><u>Use of Evidence:</u> Evidence used throughout the Scrutiny Review has been collated through consultation with County Councillors and senior officers at the Council. Benchmarking information has also been used to provide an overview of how other councils operate. All of this information has been used and supplemented by the Overview and Scrutiny Task & Finish Group to arrive at their final proposals for changes designed to strengthen arrangements for the authority.</p>
	<p><u>Budget:</u> The content of this report does not propose an increase in the democratic structures of the Council, instead it seeks to reorganise and improve them. However some fairly minor budget implications could arise in respect of Members’ allowances and/or travelling expenses. It is also highly likely that there will be a need for training to support agreed changes. There will also be a need to identify and reprioritise officer support for the new committees, as well as clarifying and allocating the designated statutory ‘Scrutiny Officer’ and determining the future roles and responsibilities of Democratic Services.</p>
	<p><u>Risk Assessment:</u> Having considered the risks associated with this decision using the County Council’s approved risk management methodology, the level of risk has been identified as: Current Risk: MEDIUM Residual Risk LOW</p>
<p>Recommendations</p>	<p>The Standards and Governance Committee is asked to:</p> <p>(i) Confirm that the Task and Finish Group for overview and scrutiny has met its terms of reference.</p>

	(ii) Recommend the report to the County Council to consider the Group's proposals in order to agree the future placement of audit, overview and scrutiny for the County Council and the arrangements to support this.
Reason for Recommendations	To align with the vision of the Corporate Plan of ' <i>Working together for a strong and successful Dorset</i> '.
Appendices	<p>Appendix 1: Proposed Structure - Overview, Scrutiny & Governance Committee Arrangements</p> <p>Appendix 2: Terms of Reference – Overview and Scrutiny Committees</p> <p>Appendix 3: Terms of Reference – Audit and Governance Committee</p> <p>Appendix 4: Terms of Reference – Overview and Scrutiny Management Committee</p> <p>Appendix 5: Councillor Skills and Role Descriptions – Scrutiny</p> <p>Appendix 6: Councillor Skills and Role Descriptions – Audit and Governance</p> <p>Appendix 7: The role of the Scrutiny Officer</p>
Background Papers	<ul style="list-style-type: none"> • Standards & Governance Committee Scrutiny Review report and minutes – 26 October 2015 • Cabinet minutes – 28 October 2015 • County Council minutes – 11 November 2015
Member Contact	Andrew Cattaway, Chair of Scrutiny Task and Finish Group Vice-Chairman of the County Council and County Councillor for Stour Vale
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1 Background

- 1.1 Following an independent review of the Audit and Scrutiny Committee, which resulted in a number of actions to improve the current arrangements, the Cabinet commissioned a wider review of the role and placement of the Council's scrutiny function.
- 1.2 This review, which included consultation with members and senior officers of the council, led to a report being submitted in October 2015 to the Standards and Governance Committee which summarised the outcomes. This report included the headline message that a clear appetite for change had been expressed by members during the consultation process.
- 1.3 The Standards and Governance Committee recognised this desire for a new direction of travel and, in their consideration of the report and the complexities associated with any such change, recommended that a Member Task and Finish Group be urgently convened to consider the best way forward.
- 1.4 Discussions at the full Council meeting on 11 November 2015 supported this recommendation and a cross party member Group was established with the request that proposals be submitted to the County Council meeting in February 2016, via the Standards and Governance Committee on the 25 January 2016.
- 1.5 The following members were subsequently appointed to serve on the Task and Finish Group;
 - Mike Byatt
 - Andrew Cattaway (Chairman)
 - Hilary Cox
 - David Harris
 - Trevor Jones
 - Daryl Turner
 - Peter Wharf
- 1.6 Terms of reference for the Task and Finish Group on Overview and Scrutiny were agreed as follows;
 - i) The mechanisms and working practices of effective scrutiny in the Overview and Scrutiny procedure rules;
 - ii) The terms of reference, composition and chairmanship arrangements of a new model;
 - iii) Culture change and training of members and officers;
- 1.7 The Group has met formally on four occasions to review, consider and explore all of the work that had been completed to date and to further develop this work into some firm proposals for the County Council. These are set out in full later in the report.
- 1.8 Alongside other authorities the Council faces significant challenges and the review has sought to develop and strengthen our current overview and scrutiny arrangements with the input of members and officers.
- 1.9 The outcomes are key to support the future of decision making arrangements in the Council and to set out how the Executive will be held to account, through active demonstration and promotion of timely, transparent and informed decision making.

- 1.10 Furthermore, the Task and Finish Group are also clear in their collective view that, in order to arrive at and ensure a complete view of scrutiny, specific consideration will need to be given to the future role and responsibilities of wider Dorset scrutiny. This can and should be achieved through the joint scrutiny review that is currently being commissioned from PricewaterhouseCoopers (PwC) by the Leaders and Chief Executives Group. As such, the PwC review should actively consider the Councils proposed new arrangements within its own review process..

2 Review Framework

- 2.1 In order to provide some further context the agreed, original and primary purpose of the Scrutiny review was to understand the purpose of scrutiny, how it fits in the committee structure, and the relationship with the Cabinet. Particular areas of focus were:
- the terms of reference and role of the Audit and Scrutiny Committee and Overview Committees;
 - whether the “Audit” and “Scrutiny” functions continue as a combined Committee, or “Scrutiny” becomes part of the role of the Overview Committees;
 - where the scrutiny of whole Council issues will be performed;
 - where the overview function of the Chief Executive’s Office should best sit;
 - “Call-in” and “Call to Account” powers;
 - the report production process, to include the drafting and circulation of reports; and
 - the Designated Scrutiny Officer function and support for Committees
- 2.2 In order to make a judgement about the current arrangements the initial review included a detailed self-assessment, completed with members and officers, to gain views of how well we work in order to judge where improvements are needed. The following were used as guiding principles:
- Transparency
 - Accountability
 - Inclusivity
 - Transformation
 - Speed of decision making
 - Proportionate and legally compliant process
- 2.3 Therefore, to consult effectively upon and to review the current arrangements, it was necessary to ensure that the roles of Overview, Scrutiny and Audit were understood prior to the start of the review. A leaflet was produced to provide members with an initial brief summary of the terminology and to set out the scope of the review exercise. This was circulated to members at the County Council meeting in July. The definitions were provided as follows;

What is Scrutiny? An independent function led by local elected councillors that works with local people and other local bodies to help improve services. It makes recommendations to the council’s ‘executive’ to bring about these improvements.
(Centre for Public Scrutiny) www.cfps.org.uk/local_government

What is Overview? A monitoring function of the authority which provides the opportunity to consider and review strategies and policies of

the Council, and to discuss performance and budget issues for services.

What is Audit?

An independent function with the goal of improving the information or the context of the information so that decision makers can make more informed, and presumably better, decisions. (CIPFA) www.cipfa.org/policy-and-guidance

2.4 A number of 'key success factors' (outcomes) for the review exercise were also set out. These were aimed at seeking to ensure that the authority is able to demonstrate that it:

- Has the ability effectively to scrutinise and hold the executive to account, to promote timely, transparent and informed decisions;
- Has clear lines of responsibility and accountability;
- Is accessible and responsive;
- Is a reviewing and learning organisation;
- Implements modern practices;
- Is outcomes based and focussed, with appropriate implementation and development plans for the future;
- Meets statutory/legislative responsibilities;
- Is able to work flexibly and at pace to meet the needs of its customers;
- Receives transformational support for changes.

3 Initial Consultation Process

3.1 Member and officer consultation was undertaken in two ways. The first was an email consultation with all members of the council, directors and heads of service. The second element consisted of targeted face to face meetings with the three lead members of the Audit and Scrutiny Committee, Chairmen of the existing overview committees, Chairman of the Health Scrutiny Committee, group leaders, Chairman of the Council and Cabinet members. To ensure a consistency of approach, both forms of consultation included the following three key questions being posed:

- How effective do you think the current scrutiny arrangements are, and why?
- Given the opportunity, what would you change and why?
- Which of the options in the attached document do you favour, or would you suggest an alternative?

3.2 A number of options were created to enable views and preferences to be explored. These were as follows;

Option 1 - Retain Existing Arrangements

Option 2 - Split Audit and Share Scrutiny Function (with Overview Committees)

Option 3 - Separate Audit and have a dedicated Scrutiny Committee (no overview)

Option 4 - People and Places Model (derived from benchmarking)

Option 5 – Your Thoughts

3.3 Benchmarking work was also undertaken as part of the review to compare the Council with other County Councils to see what arrangements were in place and to compare and contrast these with those currently operating within our own authority.

- 3.4 As stated previously, the consultation outcomes indicated a clear appetite for change to the existing arrangements, looking to split ‘audit’ and ‘scrutiny’, with a significant majority (24 out of 28) of those responding favouring this approach.

4 Other considerations identified

- 4.1 During the consultation the following issues were also raised which the Task and Finish Group have noted and also given careful consideration to:

Audit, Standards & Governance arrangements

Benchmarking work identified a clear relationship between the audit function and the role of the Standards and Governance Committee. This would provide independent assurance of internal and external audit, financial and internal controls, risk management, the annual governance process, authorisation of the Statement of Accounts, review of reports under the Statement of Auditing Standards and making recommendations regarding the formal response to the Auditor.

Health Scrutiny Committee / Health & Wellbeing Board

The original consultation phase raised a potential lack of clarity as to where the scrutiny of all health elements sat within the current structure. It had been suggested that rather than scrutinise only external NHS and CCG changes, that the Committee be expanded to also be the responsible lead for the scrutiny of the Health and Wellbeing Board and Public Health. However, subsequent representations to the Monitoring Officer from the Director of Public Health and the Cabinet Portfolio Holder have now added greater clarity and it is considered that the current arrangements should be retained, with Public Health being a shared responsibility across all the work of the Council. As such the Overview and Scrutiny Task & Finish Group has agreed that these arrangements sit outside of its’ remit.

Joint Scrutiny Review (wider Dorset)

The separate review of wider Dorset scrutiny arrangements, which has been considered by the Leaders and Chief Executives Group, and the outcomes from this, will need to take account of the Council’s own review of its scrutiny arrangements as these may influence or contribute to the wider review across partners. Although the joint scrutiny review will cover the arrangements for scrutinising joint and partnership arrangements, there will be a need to also recognise the clear link between the County Council’s on-going scrutiny responsibilities in respect of these (including the Dorset Waste Partnership, Local Enterprise Partnership and Tricuro). It will be important to ensure that, where necessary, overview and scrutiny are undertaken by the appropriate committee within the Council’s own arrangements, or that assurance is provided through alternative and robust mechanisms.

In the opinion of the Task and Finish Group this work is urgent and implementation of the outcomes should be agreed by Full Council in July 2016.

5 Guiding Principles and Best Practice - Audit and Scrutiny Functions

- 5.1 To assist it in its work the Task and Finish Group has actively sought to establish key principles and to identify and consider best practice to help guide their work.
- 5.2 In essence an effective ‘Public Scrutiny’ function can be characterised by;

- Providing ‘critical friend’ challenge to executives as well as external authorities and agencies.
 - Reflecting the voice and concerns of the public and its communities.
 - Taking the lead and owning the scrutiny process on behalf of the public.
 - Making an impact on the delivery of public services. (*e.g. improved outcomes*)
- 5.3 When reflecting on what constitutes an ‘effective scrutiny’ arrangement some clear lines of principle and best practice have been identified. It is therefore important that any proposed changes to the existing structural arrangements properly consider these and, in doing so, seek to ensure they are fully considered during the decision making process.
- 5.4 In order to be effective ‘Scrutiny Principles’ should ensure;
- Arrangements which are capable of effectively ‘holding the executive to account’.
 - A process which is widely viewed by stakeholders as a transparent and objective function which delivers the required assurance and confidence in its effectiveness (*e.g. a non-political approach*).
 - Timely and constructive review and challenge.
 - That both Members and Officers have the necessary skill, attributes resources and training to ensure their effectiveness (*see Appendix 5, 6, & 7*)
 - Exercises are focussed, clear and proportionate and are able to demonstrate an ability to lead to clear outcomes.
 - The use of ‘Call-In’ and ‘Call to Account’ powers and procedures are clear and proportionate.
- 5.5 In order to address some of the above ‘principles’ the local arrangements currently operating in Dorset County Council (as set out in the Constitution) have established some specific conditions which also require careful consideration:
- The Chairman and Vice-Chairman scrutiny roles are lead members from the 2nd and 3rd largest political groups.
 - Call-In / Call to Account powers are vested with a single committee.
 - To invoke Call In / Call to Account powers requires the agreement of the lead members on the Committee from the 3 largest groups – *a clear requirement for collegiate decision making*.
 - The lead officer for the scrutiny committee is considered to be sufficiently independent of operational service delivery to provide objective advice.
- 5.6 However, when considering ‘Best Practice Guidance’ this has also identified that the council’s current arrangements include a level of divergence from recognised proper practice as contained in the ‘*CIPFA Audit Committees Practical Guidance for Local Authorities and Police 2013 Edition*’.
- Audit Committees should in local authorities, be independent of both the executive and the scrutiny functions.
- (NB: - *Through the establishment of a separate Audit Committee this allows an independent appraisal of the governance framework in place, including the scrutiny function.*)

- The Purpose of an Audit Committee is to provide those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
- Audit Committees should review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to issues raised by external audit.
- Audit Committees should have awareness of the financial statements that a local authority must produce and the principles it must follow to produce them.

6 Conclusions & Recommendations for the County Council

- 6.1 The Task and Finish Group have been mindful throughout their deliberations of the financial challenges that the public sector and our council continue to face. We have therefore worked hard to create proposals that meet the needs of the council, but ones which are also sufficiently flexible to be able easily to respond to the changing nature and needs of our organisation.
- 6.2 Despite the challenging timescales to progress and complete the necessary work and meet the January Standards and Governance Committee and the County Council meeting in February, the Task and Finish Group have met on four separate occasions to formulate views and arrive at proposals for change.
- 6.3 In arriving at their conclusions and recommendations the Task and Finish Group are confident that these will offer an innovative, improved and more joined up 'one council' approach to the future working of the Council.
- 6.4 Whilst acknowledging that the final proposals differ slightly from the original options presented for consultation, they fully encompass both the spirit and the essence of the feedback, the overall direction of travel and the appetite for change that was so clearly expressed.
- 6.5 In line with the majority of feedback received through the initial formal consultation (and subsequent discussion and agreement in the Task and Finish Group) there is a clear recommendation that the current Committee functional responsibilities for 'Audit' and 'Scrutiny' are separated.
- 6.6 The proposals present a more radical, outward and public facing model, built around outcomes which are also designed to deliver a more joined up 'one council' approach.
- 6.7 As such, the revised democratic structure seeks to focus on the delivery of outcomes and clearly to recognise those commitments that are stated in our Corporate Plan;

'Working together for a strong and successful Dorset, through enabling economic growth, promoting health, wellbeing and safeguarding.'

- 6.8 The new proposed committee structure also seeks to complement the council's four key outcome pillars, which look to ensure that;

'Dorset residents are Safe, Healthy and Independent and that Dorset's economy is Prosperous.'

6.9 This will both achieve and ensure a clear line of sight for focussed and timely overview and scrutiny work. In doing so it will ensure clear oversight and accountability exists for the delivery of those commitments as stated in the Corporate Plan, ultimately ensuring the executive can be held to account.

Recommendation 1 - That the current arrangements are changed and Committee responsibilities for the 'Audit' and 'Scrutiny' functions are separated (see Appendix 1).

Recommendation 2 - That the future committee structure should be based on the Corporate Plan with Overview and Scrutiny Committees for Economic Growth, People and Communities and Safeguarding, with each of them having responsibility for monitoring a number of specified objectives within it (see Appendix 1).

Recommendation 3 - In addition to existing provisions in the Constitution that the Overview and Scrutiny Committees have the ability to refer matters to the Audit and Governance Committee if there are considered to be any grounds to invoke any of the formal scrutiny processes (e.g. Call in, Call to Account or Councillor Call for Action).

6.10 To help to ensure that the work and forward agenda planning for the new Overview and Scrutiny; Audit and Governance; and the existing Dorset Health Scrutiny Committee are effectively co-ordinated, it is proposed that an Overview and Scrutiny Management Board is established.

6.11 This Board, which will consist of the Chairman of the aforementioned Committees, will provide a mechanism to facilitate early discussions with officers on emerging issues and, where necessary, seek further information and/or allocate these to the most appropriate Committee for further review.

Recommendation 4 - That there should be a formal Overview and Scrutiny Management Committee, comprising the Overview and Scrutiny Committee Chairmen and the Chairman of the Audit and Governance Committee (see Appendix 4).

6.12 The proposal to combine the current stand-alone Ad-hoc Accounts Committee, the Audit Committee and the Standards and Governance Committee aims to reduce duplication of reporting and place oversight of assurance and governance in one place. This is consistent with how many other council's operate.

Recommendation 5 - That the Audit function (of the current Audit and Scrutiny Committee) and the Standards and Governance Committees be amalgamated to form a single Audit and Governance Committee (including those responsibilities previously allocate to the Ad-hoc Accounts Committee), to reduce duplication, following the recommendation from the PwC Review (see Appendix 3).

6.13 As part of this change the Task & Finish Group are recommending the continuation of the 'independence' principle that has served the council well over many years now. There is a clear consensus within the Group to retain an approach which allocates the Chairman and Vice-Chairmanship roles of the Audit and Governance Committee to the second and third largest groups.

Recommendation 6 - That the Chairman and Vice-Chairman of the Audit and Governance Committee should be from the second and third largest political parties respectively (see Appendix 3).

6.14 Furthermore it is recommended that responsibility to invoke the formal 'Call-In', 'Call to Account' and oversight of the 'Councillor Call for Action' procedures should reside with one Committee, the Audit and Governance Committee.

6.15 It is agreed these are very formal procedures and mechanisms and should only be invoked in exceptional circumstances. It is therefore considered that this approach will help to ensure that they continue to be used sparingly and proportionately, and that the overview and scrutiny committees have a clear mechanism through which to refer any such matters.

Recommendation 7 - That the new Audit and Governance Committee should have responsibility for Call In, Call to Account and the Councillor Call for Action procedure (see Appendix 3).

6.16 When deciding upon proposed changes to join the Audit and Governance Committee, the Group has also noted the council's extremely positive record on member conduct.

6.17 In light of the very rare instances when concerns are raised, the Group have confirmed that these should continue to be dealt with by the Monitoring Officer and the Chairman of the Council. Then, if considered necessary, a specialist panel would be convened to hear any matters in greater detail. This would include independent members to provide an external contribution and perspective and be chaired by either the Chairman of the Council, or a member from the largest political group, with cross party representation to ensure openness and objectivity.

Recommendation 8 - That any elected member conduct issues be referred to the Chairman of the Council and the Monitoring Officer, with any unresolved issues being considered by a specialist Panel.

6.18 In concluding their appraisal of the current arrangements, the Task & Finish Group have recognised the important contribution that training & development will have in delivering successful outcomes. The need for any new committee structure to be underpinned by appropriate and proactive support, training and development for both members and supporting officers was highlighted and was considered to be crucial. This is a vital component through which to support and deliver the necessary cultural change across the council.

Recommendation 9 - That any change to the committee structure should be underpinned by training and development for Chairmen, members and supporting officers as this is seen as crucial to its success.

- 6.19 Furthermore, the Task and Finish Group are also clear in their collective view that, in order to arrive at and ensure a complete view of scrutiny, specific consideration will need to be given to the future role and responsibilities of wider Dorset scrutiny.
- 6.20 The council is actively involved in a number of alternative service delivery arrangements, a number of which are operated on a wider Dorset basis. Examples include Tricuro, Dorset Waste Partnership (DWP), Dorset Local Enterprise Partnership (LEP) etc. It is crucial that assurance can be obtained that active oversight and scrutiny of any such arrangements are proportionate, fit for purpose and robust.
- 6.21 The Group's view is that this assurance can and should be achieved through the joint scrutiny review that is currently being commissioned from PricewaterhouseCoopers (PwC) by the Leaders and Chief Executives Group.
- 6.22 As such, the findings and outcomes of Dorset's overview and scrutiny review exercise should be shared with PwC and considered as part of their review in order that they are able to arrive at robust, yet sufficiently flexible future arrangements, which will serve the councils and ultimately the residents and communities of Dorset well.

Recommendation 10 - *That consideration be given to the need for involvement of external bodies in any changes to the committee structure.*

- 6.23 Fundamentally, although it is recognised that new structures will help to deliver timely challenge and a greater opportunity to take a more "outcomes focussed" approach, ultimately success and effectiveness will depend on both the officers and members themselves and their levels of enthusiasm and engagement.
- 6.24 Officer support to the new Committees will require careful consideration and potentially a re-prioritisation of workloads to avoid the need for an additional call on resources.
- 6.25 Currently the support for audit, overview and scrutiny is provided by the lead officer for the Audit and Scrutiny Committee, Democratic Services and a small number of individual officers within directorates. Any change will therefore result in the need to refocus support to best facilitate a strengthened model. For example this could include the role of policy officers across directorates.
- 6.26 If the proposed new overview and scrutiny model is adopted, it will also be necessary to review and consider the lead officer roles for any new committees. The Council will need to be assured that arrangements provide for an appropriate degree of independence and objectivity to deliver proportionate and effective scrutiny.

Recommendation 11 - *That officer support is actively considered and identified for each of the new Committees.*

- 6.27 The Local Government Act 2000 required that the council nominates a designated 'Scrutiny Officer'. The statutory requirements associated with this role are set out in greater detail in Appendix 7. The necessary support to ensure that the role can be covered across all of the various committees will also require careful consideration.

Recommendation 12 - *That the role of the designated statutory ‘Scrutiny Officer’ is confirmed and allocated (see Appendix 7), in addition to the wider duty of all staff in the council.*

6.28 In arriving at these recommendations the Task and Finish Group are confident that these offer an innovative, improved and more joined up ‘one council’ approach to the future working of the Council and will deliver effective and efficient arrangements that will ensure the executive can be held to account.

Composition of Committees

6.29 The law requires that places on Committees are allocated to members of political groups in proportion to each group’s share of the overall membership of the County Council. The approach within the County Council has also been to ensure that all ‘grouped’ members (except for Cabinet members) has the opportunity to serve on one committee.

6.30 This means that places for 36 members are required across the overview and scrutiny committees.

6.31 However, dependent upon the preferred composition of the Audit and Governance Committee, and a specific decision on the number of non-voting independent members that the council may wish to retain, these numbers could be further limited to prevent committees becoming too large and unwieldy.

6.32 It is recommended that the current size and composition of the Health Scrutiny Committee remains the same, as this is a joint committee which includes geographical allocation of members, and participation by district and borough councils.

6.33 It is proposed that the membership of the Overview and Scrutiny Management Board, which will coordinate the work across the overview and scrutiny committees, will be constituted by the Chairmen of the 4 overview and scrutiny committees (incl Dorset Health Scrutiny) and the Chairman of the Audit and Governance Committee.

6.34 In any case political proportionality rules would continue to apply.

6.35 Some suggestions of possible approaches to the constitution of the new Overview and Scrutiny and Audit and Governance Committee structure have been included alongside the diagram structure chart in Appendix 1.

Recommendation 14 – *That the Council determines the number of elected member representation on each of the new Overview and Scrutiny Committees as either 9, 10 or 11.*

7 Frequency of Meetings

7.1 The council will also need to consider and decide upon the frequency of meetings to ensure that the necessary business and oversight can be transacted. However it is important that this is achieved in a proportionate manner, recognising and supporting

the strategic role of the Committees and balancing this against the financial constraints that we continue to face.

- 7.2 There is no right or wrong answer to the frequency of meetings. At present the Overview and the Standards and Governance Committees meet four times a year, with the Audit and Scrutiny Committee meeting around ten times.
- 7.3 It is therefore suggested that the frequency of meetings is one area in which the proposed Overview and Scrutiny Management Board could perhaps provide early consideration and guidance to the Council as it commences its formulation and operation of the new structures.

8 Chairmanship and Vice Chairmanship

- 8.1 The Task and Finish Group proposals only cover the Chairman and Vice-Chairmanship of the Audit and Governance Committee, suggesting that these are allocated to members from the second and third largest political groups respectively, to retain a level of independence.
- 8.2 The Group fully respect that, to go beyond this proposal would be wrong, and that it is for the Leader, with the wider support of the County Council, to have the right to allocate the remaining Chairman and Vice-Chairman roles and responsibilities.

9 Scope and Outcomes – Evidence Base for Decision Making

- 9.1 In an environment which requires increased focus on outcomes, and the active and objective consideration of evidence that leads to these, the table below has been prepared to outline how the review process has covered the original scope of the Scrutiny Review exercise commissioned by Cabinet and has arrived at firm proposals through the subsequent work of the Task & Finish Group.

Scope	Objective met?	Evidence
The terms of reference and role of the Audit and Scrutiny Committee and Overview Committees;	Yes	The entire review has sought to strengthen the role of audit, overview and scrutiny.
Whether the “Audit” and “Scrutiny” functions continue as a combined Committee, or “Scrutiny” becomes part of the role of the Overview Committees;	Yes	Comprehensively addressed throughout the consultation and review process.
Where the scrutiny of whole Council issues will be performed;	Yes	The proposed model promotes an outcomes focussed ‘one council’ approach to scrutiny throughout the new committee structure, overseen by the Overview and Scrutiny Management Board
Where the overview function of the Chief Executive’s Office should best sit;	Yes	Central support services will be reviewed across the full spectrum of the Overview and Scrutiny and

		Audit and Governance Committees.
“Call-in” and “Call to Account” powers.	Yes	It is proposed that these powers will reside with the Audit and Governance Committee.
The report production process, to include the drafting and circulation of reports	No	This element of the review is being addressed through a separate project on the procurement of a Committee Management System which is currently underway.
The Designated Scrutiny Officer function and support for Committees	Yes	Officer support & statutory requirement – see Appendix 7.
Outcomes	Evidence	
Has the ability effectively to scrutinise and hold the executive to account, to promote timely, transparent and informed decisions	Consideration of options which best suit the authority have been evaluated for adoption as the model that will most effectively scrutinise and hold the executive to account.	
Has clear lines of responsibility and accountability	A revised structure will reinforce lines of responsibility and accountability.	
Is accessible and responsive	Models considered throughout the consultation process have provided varied levels of accessibility and responsiveness. It will be for the Council to determine its preferred model.	
Is a reviewing and learning organisation	Benchmarking work has directly contributed to the review exercise. The proposed changes have recognised the need to deliver training and deliver cultural change.	
Implements modern practices	The review has considered various options and it will be for the County Council to determine the practices that best suit the authority. Modern practices have been identified through benchmarking work and considered and included within the proposals.	
Is outcomes based and focussed, with appropriate implementation and development plans for the future	The proposals for change include training and development leading to cultural change. This will incorporate modernisation of working practices.	
Meets statutory/legislative responsibilities	Statutory responsibilities have been recognised in the proposals for audit, overview and scrutiny.	
Is able to work flexibly and at pace to meet the needs of its customers	A revised structure/model for scrutiny will strengthen the focus on the needs of customers through amended terms of reference.	
Receives transformational support for changes	The proposals recommend a review of support need to transform, to adapt and best to serve any revised option.	

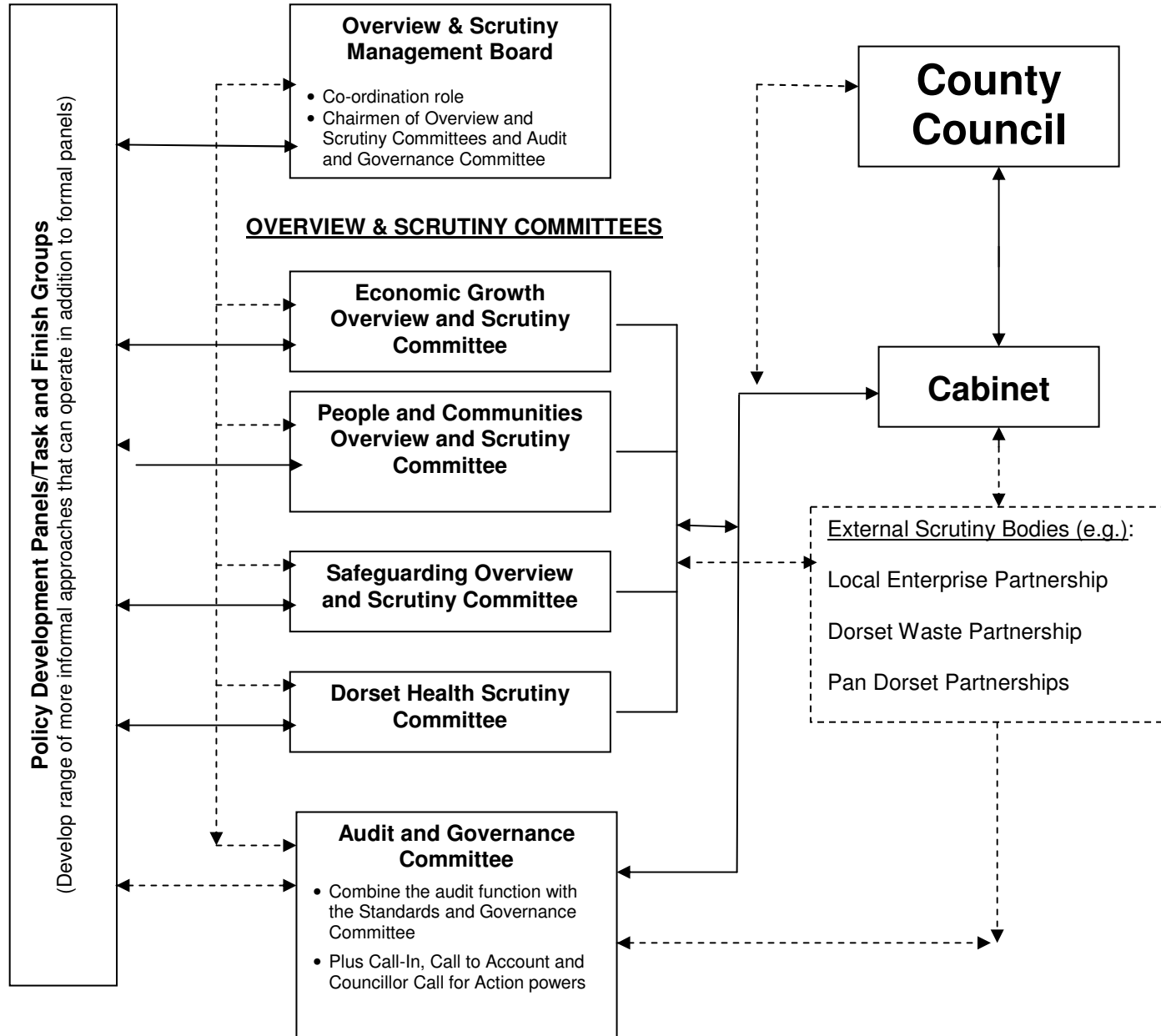
10 Future Considerations

- 10.1 The approval of any new model of audit, overview and scrutiny will require cultural change and training to strengthen and develop the functions to be outcomes-based and to focus on the needs of customers.
- 10.2 Other areas will also require careful consideration. These may include the relationship and development of working practices between scrutiny committees and the Cabinet; the development of a range of more informal approaches that can operate in addition to formal task and finish groups or policy development panels; or the arrangements for reporting scrutiny work through County Council meetings. Any such recommendations, which require Constitutional change, will remain with the County Council for decision and, where considered necessary, recommendations will be considered in the normal way to progress these.
- 10.3 Fundamentally the role of effective scrutiny is to hold the executive to account. It is therefore vital that members can be confident that any decision which seeks to make a change to the current agreements ultimately leads to a more effective outcome for the citizens and communities we serve.

Debbie Ward
Chief Executive

December 2015

Economic Growth, People and Communities and Safeguarding Model



Committee Membership - Proposals

Economic Growth, People/Communities and Safeguarding

1. Overview and Scrutiny Committees – could operate with 9 (6:2:1), 10 (6:3:1) or 11 (7:3:1), and Dorset Health Scrutiny Committee continuing with 6 (4:1:1). Provides 33, 36 or 39 places
2. Audit and Governance Committee – future proportionality or not, inclusion of independent members – suggested proportion as 9-10 above, or non-proportioned 6 plus 4 independent members.
3. Please note that the People and Communities Overview and Scrutiny Committee will be required to accommodate the statutory voting co-optees for educational matters i.e. x2 parent governors and x2 church representatives.

OVERVIEW & SCRUTINY COMMITTEES

DRAFT TERMS OF REFERENCE

Purpose: *Delivering good outcomes for the citizens and communities we serve through a constructive, proactive and objective approach to the consideration, scrutiny and review of policies, strategies, financial and performance issues.*

OVERVIEW

- To review and develop policy at the Committee's own initiative or at the request of the Cabinet or the Public Health Joint Committee and make recommendations to the Cabinet, Joint Committee or the full Council.
- To oversee major consultations and make recommendations to the Cabinet, Joint Committee or the full Council.
- To give advice on any matters as requested by the Cabinet or the Joint Committee.

SCRUTINY

- To hold the executive to account through a process that seeks and considers necessary explanations, information and evidence to ensure good outcomes for our citizens and communities.
- Through proactive scrutiny inquiry work, to contribute to improving the lives of our citizens and communities, through an active contribution to the councils improvement agenda.
- To scrutinise key areas of strategic and operational activity and, where necessary, make recommendations to the Full Council, Cabinet or Joint Committee in respect of;
 - i) Matters which affect the authority's area or its citizens.
 - ii) Performance of services in accordance with the targets in the Corporate Plan or other approved service plans.
 - iii) To provide a clear focus on finding efficiency savings in accordance with requirements in the Council's financial strategy.
 - iv) To monitor expenditure against available budgets and, where necessary, make recommendations to the Cabinet or the Joint Committee.

- v) To consider proposed budget plans, service plans and any other major planning or strategic statements and to make recommendations to the Cabinet or the Joint Committee.

PROPOSED MEMBERSHIP – (9, 10 or 11) Elected Members - excluding Members of the Cabinet

The Committee have the power to co-opt independent members to provide routine and / or ad-hoc support to provide access to specific skills and knowledge.

Specific responsibilities for the proposed Committees are;

‘To exercise a proactive and effective oversight and scrutiny of functions to ensure that.....;

ECONOMIC GROWTH - Overview & Scrutiny Committee

Key Focus: - To ensure that Dorset’s Economy is **PROSPEROUS**

These will need to be fully developed, but in accordance with the narrative contained in the Corporate Plan the scope of coverage would be as follows

- *New business will thrive and prosper and existing businesses will grow and become more productive, bringing greater wealth to the people and economy of Dorset.*
- *More people will be able to secure the employment opportunities of their choice.*
- *Dorset will have an energy efficient, low carbon economy, and reduce unnecessary waste.*
- *Dorset’s workforce will be highly skilled.*
- *Young people will stay in Dorset and make a positive contribution to the economy.*
- *More businesses will start and prosper because of better internet and mobile phone connections.*

PEOPLE and COMMUNITIES - Overview and Scrutiny Committee

Key Focus: - To ensure that people in Dorset are **HEALTHY** and **INDEPENDENT**

These will need to be fully developed, but in accordance with the narrative contained in the Corporate Plan the scope of coverage would be as follows

- *Dorset’s natural, cultural and heritage environments will be well managed, healthy, productive and vibrant.*

- *Children and young people will be confident and successful learners who can achieve personal success as they grow into adulthood.*
- *People have a reduced need to travel and will be able to move about the county safely and efficiently when they need to.*
- *People will be strong and connected.*
- *Children, young people and families will know what it means to be healthy and adopt lifestyles that promote this.*
- *People will lead active, healthy lives.*
- *People will stay healthy, avoid preventable illnesses and remain independent as they grow older.*
- *People who need help will experience coordinated, person-centred health and social care support.*
- *Families will be resilient, develop positive relationships and have good futures.*
- *People will remain independent and stay in their own homes for as long as possible.*

(NB: - It is important that these are complementary to the Terms of Reference for the Dorset Health Scrutiny Committee to avoid any unnecessary duplication)

SAFEGUARDING - Overview and Scrutiny Committee

Key Focus: - To ensure that people in Dorset are **SAFE**

These will need to be fully developed, but in accordance with the narrative contained in the Corporate Plan the scope of coverage would be as follows;

- *Children and young people will be safe wherever they are.*
- *Vulnerable adults will be protected from harm.*
- *The risk of crime, antisocial behaviour and domestic abuse across Dorset will be minimised.*
- *There will be fewer accidental injuries and deaths – including those on Dorset's roads.*
- *People and communities will be more resilient to environmental change and other emergencies.*

(NB: - It should be noted that it is intended that the key areas for focus for each of the Overview and Scrutiny Committees will remain flexible. This will ensure that their respective Terms of Reference continue to fully reflect those priority outcomes as contained in the 'Outcomes Framework' detailed in the Corporate Plan.)

DORSET HEALTH SCRUTINY

As per existing Terms of Reference.....

- (a) Review and scrutinise matters pertaining to the planning, commissioning, provision and operation of health services in the area of the County Council.
- (b) Make reports and recommendations to relevant NHS Bodies and/or relevant health service providers and also to the Cabinet and other relevant committees of the County Council on any matter which is reviewed or scrutinised.
- (c) Give notice to require the Cabinet or the County Council to consider and respond to any reports or recommendations arising from the committee's work within two months of receipt.
- (d) Where relevant NHS Bodies and/or relevant health service providers have under consideration any proposal for a substantial development of the health service in the area of the County Council or for a substantial variation in the provision of such service:
 - (i) to receive reports from the relevant NHS Bodies and/or relevant health service providers;
 - (ii) to comment on the proposal(s); and
 - (iii) to report in writing to the Secretary of State where any of the circumstances set out in paragraph 23(9) of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 apply.
- (e) Arrange for its functions under the 2013 Regulations to be discharged by an Overview and Scrutiny Committee of another local authority where that Overview and Scrutiny Committee would be better placed to undertake the functions and the other authority agrees.
- (f) In accordance with regulation 30 of the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013, to appoint joint committees with other local authorities to exercise relevant functions under the said Regulations.
- (g) From time to time, as appropriate, to appoint a task and finish group consisting of members of the Committee to consider specific local issues relating to the overview and scrutiny of health.

AUDIT & GOVERNANCE COMMITTEE

DRAFT TERMS OF REFERENCE

Purpose: *Delivering good outcomes for the citizens and communities we serve through a constructive, proactive and objective consideration of the council's;*

- i) Financial, risk, governance and internal control framework*
- ii) Ethical principles and standards*

The Committee also has the sole responsibility and ability to use specific constitutional powers through;

The '**CALL TO ACCOUNT**' process to:-

- i) Scrutinise and review decisions made or actions taken in connection with the discharge of any of the executive functions of the Council.
- ii) Consider petitions made in accordance with the County Council's Petitions Scheme requiring senior Officers to be called to account at a public meeting of the Council.

The '**CALL IN**' process to consider;

- i) Executive decisions
- ii) Matters referred through the **Councillor Call for Action**.
- iii) *(At the request of a petition organiser)* to review the adequacy of steps taken by the County Council in response to a qualifying petition.

AUDIT (Assurance)

- To provide the Council with independent assurance in relation to:
 - i) internal and external audit and organisation-wide external inspection reports
 - ii) financial controls, data quality, risk management and other internal control systems
 - iii) the integrity of the financial reporting and annual governance processes
 - iv) financial irregularities and losses
- To consider procedural issues relating to the Account and Audit Regulations.
- To scrutinise and authorise the County Council's Statement of Accounts, including the Statement of Internal Control.
- To review any Auditor's reports under the Statement of Auditing Standards (SAS 610), consider the officer recommendations and make proposals to the County Council regarding the formal response to be given to the Auditor.
- Supporting the Chief Financial Officer in his/her statutory role.

GOVERNANCE

- Overseeing and reporting to the County Council on proposed changes to the council's Constitution (*save for the Scheme of Members' Allowances which will be subject to consideration and recommendation direct to the County Council by the Independent Remuneration Panel*).
- To receive the councils Annual Governance Statement and Local Code of Corporate Governance compliance assessment to evaluate the council's governance arrangements.
- Consider any findings of maladministration by the Local Government Ombudsman.
- Advising the County Council on the adoption or revision of the Members' Code of Conduct and monitoring its operation to ensure adherence to high standards across the council.
- Providing advice and/or training on matters relating to the Members' Code of Conduct.
- Making representations to the Government, Local Government Association and other external bodies on matters relating to the General Principles of Conduct for members or employees of the County Council.
- Advising members, co-opted members and church and parent governor representatives as to the rules for disclosure of interests and for granting dispensations.
- Oversight of the Council's Protocol for Member/Officer Relations and the Whistleblowing, Anti-Fraud, Bribery and Corruption Strategy and other probity related documents.
- Overseeing the development and implementation of a Code of Practice for elected members representing the County Council on the boards of voluntary organisations and other independent bodies.
- Supporting the Monitoring Officer in his/her statutory role.

PROPOSED MEMBERSHIP – (9, 10 or 11) Elected Members - *excluding Members of the Cabinet*

Chairman – nominated by the second largest political group

Vice-Chairman - nominated by the third largest political group

The Committee have the power to co-opt independent members to provide routine and / or ad-hoc support to provide access to specific skills and knowledge.

APPENDIX 4

OVERVIEW & SCRUTINY MANAGEMENT BOARD

DRAFT TERMS OF REFERENCE

Purpose:

- i) Delivering good outcomes for the citizens and communities we serve through a co-ordinated and timely oversight of key areas of the council's activity.
- ii) To ensure that appropriate oversight and scrutiny of policies, strategies, financial and performance issues is delivered through the council's overview and scrutiny and audit and governance committees.
- iii) To ensure that the councils democratic arrangements are effective in holding the Executive to account.

Main Responsibilities

- To lead on the overview and scrutiny work planning process
- Lead the scrutiny of high level cross-cutting issues.
- To maintain an oversight of current and emerging issues and, where appropriate, to allocate overview and scrutiny work in a timely manner to the most appropriate committee. e.g.
 - Use of council resources
 - Performance Monitoring
 - Programme and/or Project management
- An active identification & referral of any areas of significant public interest and/or concern for consideration to the appropriate officer and, where considered necessary, for subsequent committee consideration.
- Where appropriate to appoint Task and Finish Groups or Policy Development Panels to consider specific issues.
- To ensure that the executive is held to account through a process that seeks and considers necessary explanations, information and evidence to ensure good outcomes for our citizens and communities.
- To ensure that, through proactive overview and scrutiny inquiry work, that the outcomes for the lives of our citizens and communities we serve are improved, through an active contribution to the councils improvement agenda.

PROPOSED MEMBERSHIP - The Chairman of the Overview and Scrutiny Committees and the Audit and Governance Committee (*excluding Members of the Cabinet*)

The Committee have the power to co-opt independent members to provide routine and / or ad-hoc support to provide access to specific skills and knowledge.

APPENDIX 5

Councillor skills & role descriptions

The role of a councillor brings with it varied and wide ranging roles, responsibilities and opportunities. There are also a number of personal attributes and skills which generally lead to more successful outcomes.

The Council is fully committed to providing timely and proactive support, development and training opportunities to councillors to help them in the delivery of their outcomes.

The following provides a brief overview of what's involved and points to specific skills sets which are hopefully considered helpful.

Scrutiny

The Overview and Scrutiny Committees review and scrutinise decisions made or actions taken by the Cabinet.

They may also be involved in policy development prior to decisions being taken by the Cabinet. The Committees may make reports and recommendations to full Council and Cabinet and any relevant partner in connection with Council functions.

- ✓ Assist with the development of an effective work programme
- ✓ Engage with all stages of the scrutiny process
- ✓ Lead the committee in prioritising its work so as to ensure effective scrutiny
- ✓ Develop a constructive relationship with Cabinet, especially with relevant portfolio holders
- ✓ Develop a constructive relationship with Corporate Leadership Team and Heads of Service in the areas that the committee scrutinises
- ✓ Be responsible for outputs and outcomes of scrutiny
- ✓ Receive evidence in an impartial manner
- ✓ Analyse information presented to the committee
- ✓ Make recommendations based on the committee's deliberations

APPENDIX 6

Councillor skills & role descriptions

The role of a councillor brings with it varied and wide ranging roles, responsibilities and opportunities. There are also a number of personal attributes and skills which generally lead to more successful outcomes.

The Council is fully committed to providing timely and proactive support, development and training opportunities to councillors to help them in the delivery of their outcomes.

The following provides a brief overview of what's involved and points to specific skills sets which are hopefully considered helpful.

Audit (Assurance) & Governance Member Roles

Audit (or Assurance) considers matters relating to internal audit activity, external audit activity, the regulatory framework, financial management and accounts, risk management and the internal control framework.

- ✓ Have the ability to provide objective and constructive challenge
- ✓ Have an understanding of the audit process
- ✓ An understanding of risk
- ✓ An ability to interpret financial information

Governance promotes high standards of conduct and ethical governance and advises on the adoption, or revision, of the councillors' code of conduct. Its other key roles are to provide oversight of the effectiveness of the council's governance framework and also to consider and recommend to the County Council proposed changes to the Constitution.

- ✓ Receive, consider and recommend changes to the Constitution.
- ✓ Assess the council's governance framework
- ✓ Give the council advice on adopting a local code of conduct
- ✓ Monitor the effectiveness of the code
- ✓ Train Councillors on the code or arrange for training to take place
- ✓ Promote and maintain high standards of conduct for councillors and help councillors to follow the code of conduct
- ✓ Ensure that the Determination Procedure is fair and will allow any allegation brought to the committee to be dealt with effectively and efficiently as possible



APPENDIX 7

The Role of the ‘Scrutiny Officer’

The Local Government Act 2000 established a specific requirement that a local authority must designate one of its officers to discharge specified ‘scrutiny’ functions.

These functions are as follows;

- To promote the role of the authority’s overview and scrutiny committee or committees,
- To provide support to the authority’s overview and scrutiny committee or committees and the members of that committee or those committees,
- To provide support and guidance to;
 - (i) members of the authority,
 - (ii) members of the executive of the authority, and
 - (iii) officers of the authority,

in relation to the functions of the authority’s overview and scrutiny committee or committees.

The Act also placed certain conditions relating to the allocation of such a role to an officer. These are as follows;

- An officer designated by a local authority under this section is to be known as the authority’s “scrutiny officer”.
- A local authority may not designate this role to any of the following officers;
 - (a) The head of the authority’s paid service designated under section 4 of the Local Government and Housing Act 1989;
 - (b) The authority’s monitoring officer designated under section 5 of that Act;
 - (c) The authority’s chief finance officer, within the meaning of that section.

These duties relate to and include an overview and scrutiny committee, include any sub-committee of that committee.

(NB: - For the sake of completeness, it should be noted that the duty placed on a local authority to discharge these functions does not apply to a district council for an area for which there is a county council.)