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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 13 NOVEMBER 2019**

**SUBJECT: SCRUTINY REMIT OF THE COMMITTEE**

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)**

**1. REASON FOR REPORT**

- 1.1 To provide interim information to Committee on discussions that have taken place relating to the scrutiny role of the audit and scrutiny committee.
- 1.2 This report is submitted to Committee in terms of Section III (I) (10-15) of the Council's Scheme of Administration relating to scrutiny functions of the Council.

**2. RECOMMENDATIONS**

**2.1 Committee is asked to:**

- i) **note the work being undertaken to consider the function of scrutiny within the council and the challenges around taking forward scrutiny activity in a manner that is both proportionate and cost effective;**
- ii) **review and comment on the draft scrutiny handbook prepared for use as a guide by elected members and officers;**
- iii) **agree to submit the draft handbook to the Policy and Resources Committee for consideration and approval; and**
- iv) **note that the ongoing review of governance arrangements within the council may impact on the role and function of the scrutiny aspect of the committee going forward, and this will be subject of a report detailing any proposals to a future meeting of the council.**

**3. BACKGROUND**

- 3.1 At the meeting of Audit and Scrutiny Committee on 4 December 2018 (para 7 of the minute refers) a 'terms of reference' for internal audit and its work was considered and approved. This prompted consideration of whether a similar 'terms of reference' should be developed for scrutiny. The then chair of the committee, Councillor Macrae, commenced work on this before demitting office.

- 3.2 The current chair, Councillor Gatt, has since carried out research to ascertain how scrutiny was undertaken in a number of other local authorities. A range of methodologies was identified, albeit many of these are now subject to change as authorities generally look to streamline structures and how business is conducted. In general, it was concluded that no single scrutiny model represents best practice, with the approach in each case aligning to the wider governance arrangements adopted by each council.
- 3.3 In August 2019, an informal meeting was held involving the Chair and Vice chair of the committee and the Chief Executive and other senior officers in attendance. This considered various approaches to scrutiny and noted best practice guidance published by several organisations including the Improvement Service.
- 3.4 There was general acknowledgement that elected member scrutiny across the council has been more extensive in recent periods given the financial challenges in the public sector, and agreement, in line with best practice, that there is a role for all councillors in undertaking scrutiny.
- 3.5 As such it was accepted there was a need for careful consideration of the scope of the scrutiny element of the Audit and Scrutiny Committee going forward. As an outcome from the informal meeting, it was agreed there should be an aim to develop a proposal for scrutiny that is proportionate and adds value, and
- a) Provides clarity on service committee and scrutiny committee roles in scrutiny activity
  - b) Sets criteria to determine scrutiny work programme/agenda to be developed
  - c) Ensures 'scrutiny' at service committee can be followed through
  - d) Checks current committee minute format for logic and transparency of points/questions raised, and
  - e) Considers resourcing and capacity;
- 3.6 The council has embarked on an improvement and modernisation programme. One strand of this is a review of governance arrangements, which will consider options relative to committee structures etc. going forward. As part of this, the functions of any specific scrutiny activity proposed will require to be considered, with reference to how such work would be covered from within current staffing resources. For now a draft scrutiny handbook has been developed as **Appendix 1**. This acknowledges the worth of additional scrutiny activity, where properly justified, and sets out criteria that can be used to assess the merits of any proposal, including the development of clear terms of reference that would allow early consideration of how to resource any scrutiny project work required. If Committee find the draft acceptable this will require to be submitted to the Policy and Resources Committee for approval. This should address points a) and b) above.
- 3.7 Points c) and d) have been discussed with the Committee Services Officers who develop minutes of meetings. Current practice is to capture the decision reached in respect of recommendations made in each report. Generally, points debated in most committees are not recorded in the minute, excepting for Audit and Scrutiny Committee given its focus mainly on items for

consideration as opposed to papers requiring a decision. It may be feasible to capture greater detail in the minutes where the need arises but this will be at the discretion of the committee clerk unless directed by the meeting. It should be noted that more detailed minutes would impact on the workloads of committee services.

- 3.8 Point e), resourcing and capacity, is the final point for consideration. Best practice guidance highlights the distinction between audit and scrutiny. There is no capacity in the audit team to oversee scrutiny projects unless the projects have a focus on perceived or actual weaknesses in systems of control. The council traditionally has been lightly resourced at the corporate centre and the trend most likely is for further reductions in this area. In such circumstances it will need to be recognised that diverting resources to specific scrutiny tasks will be at the expense of other work, hence the handbook makes it clear that a detailed case for progressing scrutiny on any given topic will need to be made and accepted as the best means of securing better practice, before being taken forward.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

No direct issues. Scrutiny of LOIP outcomes is currently a function of the multi-agency Community Planning Board, on which the council is represented by six members, and of the corporate plan by all elected members at meetings of the council.

**(b) Policy and Legal**

Securing best value requires the operation of an effective governance framework of which proportionate scrutiny forms a part. A scrutiny handbook should provide useful guidance for officers and elected members.

**(c) Financial implications**

The report recognises the financial implications of 'over scrutiny' and makes it clear that resources for scrutiny should be allocated only where doing so is cost effective and outcome focused.

**(d) Risk Implications**

Appropriate and proportionate scrutiny arrangements are integral to good accountability and should have the effect of reducing risks that may impact on the council's ability to achieve its stated outcomes.

**(e) Staffing Implications**

No direct implications; there may be implications should an extensive programme of additional scrutiny be developed.

**(f) Property**

No implications directly arising from this report.

**(g) Equalities/Socio Economic Impact**

No implications directly arising from this report

**(h) Consultations**

The Chief Executive, Depute Chief Executive (Education, Communities and Organisational Development), the Chief Financial Officer and the Monitoring Officer have been consulted and are in agreement with the report where it relates to their area of responsibility.

**5. CONCLUSIONS**

- 5.1 The operation of the Council and its committee structure provides a framework for scrutiny and decision making by all elected members. This framework is currently under review as part of the Improvement and Modernisation Programme.**
- 5.2 Separate additional scrutiny by the Audit and Scrutiny Committee can add value if carried out for the right reasons.**
- 5.3 A scrutiny handbook has been developed to guide practice on this topic.**

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Background Papers:  
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