

14 June, 2018

Lessons for scrutiny from Northamptonshire County Council

Ward(s) All

Portfolios: Cllr. M. Bird - Leader

Report:

Following the high profile financial problems of Northamptonshire County Council, Max Caller CBE was invited to undertake a Best Value Inspection of the Authority. His report contains findings on the Overview and Scrutiny process that will be of interest to Members.

Summary of Scrutiny Findings

The findings in the Caller report on scrutiny can be summarised as follows:

- The Councils ambitious new operating model made it difficult for backbench councillors to establish what was going on, particularly on budget management;
- Refusal by officers to provide Members with information outside of meetings;
- Some Members who asked difficult questions at scrutiny committee meetings were replaced;
- Withholding of confidential information related to the sale and lease back of the newly constructed Council Headquarters;
- Scrutiny of the Council Headquarters issue took place through an informal workshop where no minutes were taken;
- No review by scrutiny of successful or unsuccessful budget items to learn lessons. This includes no significant reaction to adverse opinions reported by the Councils external auditors, KPMG;
- Budget setting scrutiny taking place in a very compressed timetable.

A full copy of the Caller report is attached at Appendix 1 to this report.

View of the Centre for Public Scrutiny

Ed Hammond, Director at the Centre for Public Scrutiny writes: *‘Many councils are pursuing radically different operating models – often spinning out services to a range of trading companies, CICs, staff mutual’s, private sector and voluntary sector bodies. Under this “hub and spoke model” the council is a commissioner and manager of services – not, by and large, a deliverer. We*

covered these issues at length in our 2015 publication “The change game”.

There is a difference between ambition and actual practice. Setting out these kinds of plans on paper is easy but putting them in place is exceptionally challenging, and requires a significant investment in time and resources. Such measures will not deliver immediate results.

Where new operating models are proposed and developed, scrutiny (and wider member involvement) has to be central. This is not just about testing and challenging the assumptions that underpin those models – although this is a vital task. It is not just about breaking down the risk of group think that can beset those plans – because senior officers and cabinet members may be emotionally invested in seeing them implemented. It is, above all, about member buy in and visibility. A change to the operating model on this scale involves a shift in governance, in accountability – but not in responsibility. For councillors, the risk is that it is the worst of both worlds – spun of services being opaque and unaccountable to councillors day to day, but where service failure (if and when it happens) nevertheless putting responsibility squarely at the door of the elected member. Officers in particular owe members a duty to ensure that they are bought in to what is happening – at the start and as plans develop.’

On budget scrutiny Ed recommends the kind of involvement scrutiny should be expecting at various stages in the budget development cycle as:

‘April/May: review of the MTFS as overall themes and constraints for next year’s budget begin to emerge;

June – August: review of underlying risks and opportunities associated with next year’s budget, review of previous years’ spends and in-year monitoring to evaluate the strength of predictions, proposals and control systems;

September – November: oversight as detailed plans begin to be developed, liaison with officers strategically and department-by-department, with scrutiny being designed to tease out major expected spending pressures in the context of in-year performance, finance and risk issues;

December – January: budget scrutiny winds down. Draft budget is prepared. It may be appropriate (depending on the informality or otherwise of the above interventions) for scrutiny to report to Full Council on its activity in order to inform debate at Budget Council.

What about resourcing this? Firstly – prioritise. Secondly – support and assistance should come from Finance. Thirdly – mainstream budget scrutiny into scrutiny’s wider work.’

Recommendations:

That, subject to any comments Members may wish to make, the report be noted.

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