

10 November 2022

## Improving the effectiveness of overview and scrutiny

Ward(s): All

Portfolios: All

### 1. Purpose of the report

To reflect on recent reviews and improvements to overview and scrutiny at Walsall Council and identify further opportunities

### 2. Recommendations

- 2.1 that Members consider the contents of the report and identify further opportunities to develop the role of overview and scrutiny;
- 2.2 that Members consider the available options to scrutinising budget setting and provide feedback;
- 2.3. that progress with implementing the recommendations arising from the Scrutiny Survey be noted.

### 3. Aim

- 1.1 The role of good governance and scrutiny is critical to public trust and confidence in decision-making. In times of uncertainty and significant change, it is important that decisions are made in a way that is transparent, involves others and holds to account those responsible for implementation.
- 1.2 This report sets out recent self-reflection and improvements made and seeks the views of members on the budget-setting process and any further areas for consideration.

### 4. Know

#### ***Context***

- 4.1 The Council has continually reviewed its scrutiny process and sought to make improvements over recent years. This has included scrutiny research, benchmarking and a review of recent best practice has taken place to reflect on the way that scrutiny could be further evolved in Walsall, identify good practice and opportunities for new ways of working. Further to this a Member

Survey took place which led to recommendations being made and implemented. Following the survey the Committee made a number of recommendations on improvements which have been implemented over the last few months. Progress on these is recorded in Appendix 1 to the report.

#### 4.3 ***Budget setting scrutiny***

4.4 One of the recommendations arising from the scrutiny survey was a desire to improve scrutiny of the budget setting process.

4.5 The survey findings reported higher levels of dissatisfaction, with six respondents describing scrutiny in this aspect as 'poor'. Having said that, 7 respondents responded 'good' or 'very good'. Feedback included being 'unsure Cabinet take any notice' and a suggestion that consultation should take place 'half yearly' and that 'not much is covered on the agenda to do with the budget of this area'. When asked how they thought scrutiny should consider the budget setting process the majority of respondents (9) stated that budget scrutiny should be undertaken at all scrutiny committees. Other Members felt it should be undertaken by a specialist working group (6).

#### *Options and benchmarking*

4.6 There are a variety of options undertaken by other local authorities that Members could consider as vehicles for scrutiny of the budget setting process, namely:

- All OSCs - Status Quo – options within the remit of each committee presented to all OSCs;
- A single committee – for example the SOC could lead on budget scrutiny;
- A specialist finance committee – could be established to consider budget setting, budget monitoring and the Medium Term Financial Outlook;
- A specialist working group – could be convened each year to review the budget and make recommendations;
- Stop budget setting scrutiny – feedback through the formal public budget setting consultation and reserve debate and challenge until budget Council.

Benchmarking information from neighbouring local authorities is included at Appendix 2 to this report.

#### *CIPFA financial scrutiny practice guide*

4.6 It is important to note that the mixed views of Members on budget scrutiny are felt at other Councils too. Centre for Governance and Scrutiny (CfGS) research and discussion with scrutiny members nationally shows that high quality and effective financial scrutiny is not the norm. A recent CfGS's annual

survey of overview and scrutiny in local government revealed that 51% felt that they did not carry out scrutiny of finance issues effectively. Much budget scrutiny focuses on review, in committee, of a draft budget a matter of weeks (or days) before it is submitted to full council for approval. The CfGS argues that this is not an effective way to conduct oversight. Scrutiny of council finances 'in year' (rolling oversight of spending) is often ad hoc, and often focuses on the review of scorecard data rather than an understanding of how spending impacts on local people's lives. Financial issues can be conspicuous by their absence when scrutiny investigates other issues – there is sometimes a sense that finance is too difficult to address as part of a substantive scrutiny review, or that members struggle to 'find a way in'.

4.7 Financial scrutiny can take many forms but there are four fundamental areas CIPFA suggest where effective scrutiny can add value. The four areas are:

a. Reviewing how resources are allocated:

Monitoring how they are used and examining their impact. This is about following through from budget development and planning to the delivery of a budget, and oversight over that budget in-year. It links to the way that scrutiny selects and prioritises its work.

b. Reviewing the integration between financial and service planning:

What is the level of integration between corporate and service planning and performance and financial management?

c. Testing out and making explicit whether the council is directing its resources effectively

To meet its priorities and demonstrating whether it is achieving value for money, equity and social value.

d. Providing, through scrutiny in a public forum, challenge to the executive's management of the council's finances, and a different perspective on challenges.

This is about scrutiny having a clearly defined role, and bringing something unique to the table in how it goes about its work.

The CIPFA guidance referenced above and an LGA publication are included at Appendix 3 and 4 respectively to this report.

***'Improvement is a matter of minor reform'***

4.8 The Interim Chief Executive of the CfGS wrote in the Local Government Chronicle recently '*that for most Councils improvement [of scrutiny] is a matter of minor reform not wholesale transformation*'.

4.9 He also writes that it is difficult to advise on the most effective methods of scrutiny as '*the way scrutiny works is unique to each council – driven as it is by councillors and their priorities*'.

4.10 This feedback is valuable as it is reflective of the journey that the Council is on with its continuous review, self-evaluation and reform of its own overview and

scrutiny processes. Whilst change may appear incremental overtime the culture of change and willingness to try new ideas at Walsall will bring benefits.

### ***Council Corporate Plan Priorities***

- 4.11 It is important that the Councils Governance arrangements are robust, transparent and effective to ensure that decisions affecting residents across the borough are made in a lawful way. This contributes to the Councils 'Internal Focus' Priority and ensures that the service is efficient and effective.

### ***Risk Management***

- 4.12 None directly related to this report.

### ***Financial Implications***

- 4.13 None directly related to this report.

### ***Legal Implications***

- 4.14 None directly related to this report.

### ***Procurement Implications/Social Value***

- 4.15 None directly related to this report.

### ***Property Implications***

- 4.16 None directly related to this report.

### ***Health and Wellbeing implications***

- 4.17 None directly related to this report.

### ***Staffing implications***

- 4.18 None directly related to this report.

### ***Reducing Inequalities***

- 4.19 None directly related to this report.

### ***Consultation***

- 4.20 None directly related to this report.

## **5. Decide**

- 5.1 Members are asked to review the recommendations as set out in the report and consider whether or not they wish to take them, or alternative suggestions, forward.

## **6. Respond**

Subject to the views of elected members, the recommendations will be implemented and further reports provided to the Committee for Member feedback will be submitted as required.

## **7. Review**

Subject to the agreement of the next steps regular reports will be provided as required.

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